Daily Report

Latin America

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Inter-American Affairs: Fujimori, Sanchez at Andean Summit

PY1203013096 Lima Radio Programas del Peru Network in Spanish 0003 GMT 11 Mar 96

[News conference by Peruvian President Alberto Fujimori and Bolivian President Gonzalo Sanchez de Lozada with foreign and domestic reporters and a moderator to mark the closing of the Eighth Andean Presidential Council Summit, from the University of Trujillo's Cesar Vallejo Hall — live]

[FBIS Translated Text] [Unidentified reporter] [words indistinct] more specifically as a result of the situation of Colombia and President Samper. I would like to know more details regarding the treatment of this issue.

[Fujimori] This issue was mentioned in the declaration; this is routine in nearly all international forums, and this occasion was no exception. This issue was mentioned by reiterating the political decision to struggle against drug trafficking. Naturally, on this ocassion the issue of certification, decertification or conditional certification was also included in the debate. This issue was indirectly mentioned because unilaterally no country has the right to evaluate the conduct of another sovereign country. This is the position taken by the presidential summit.

[Sanchez de Lozada] I believe it is important to emphasize the positive part of this agreement because we believe we can help each other as a result of all the things we have. We also share the responsibility of preventing the scourge of drug trafficking. It is our responsibility before our peoples and before humanity to struggle effectively against this problem. And we can do it by sharing experiencies and by helping each other out. It was also proposed, reflecting a very generous offer on the part of the Panamanian president, that we create, in Panama, an integrating organization that would allow us to face this problem by exchanging experiences and also by creating initiatives for the new Andean Community and for the benefit of all humanity.

[Unidentified Ecuadoran reporter] It was said that to have peace, it is necessary for the Latin American countries to integrate themselves. Mr. President, how did you use this Andean summit for a rapprochement with the Ecuadoran president, and what concrete steps have been taken? Specifically, I would like to ask whether a good neighbor agreement was signed, because Ecuador has great hope in such an agreement.

[Fujimori] The agenda did not include the signing of a good neighbor agreement; therefore, such an agreement was not signed. But the presence of the Ecuadoran president was welcome and the communication with him was very fluid. There was an environment of great cordiality and the path has been paved so that in future negotiations, when the essential issues related to point six of the Itamaraty [Brazilian Foreign Ministry headquarters] Peace Declaration are discussed, the talks will be held within a framework of greater fluidity. And I am sure that this environment of cordiality will contribute to finding the path of peace.

[Unidentified Peruvian reporter] You said that one of the objectives of this summit was to make progress on the common external tariff, even though this issue was not on the agenda. You pointed out the possibility that Peru could gradually reduce tariffs and that the other countries could eliminate parts of them. Could you elaborate on this issue?

[Fujimori] Tariff rates in Peru are 15 and 25 percent. Probably 98 percent are in the 15 percent bracket and the remaining in the 25 percent. In other countries, one portion of the tariff is 0 percent, another portion is 5 percent, and then tariffs go to 10, 15, 20, 25, and up to 35 percent. Therefore, the proposal I mentioned in my closing speech is that Peru should eventually reduce the 15 and 25 percent to an as yet undetermined rate — let us suppose it could be 10 and 15 percent — and the other countries could reduce the extreme rates to reach an intermediate level. That is, to try to establish a more consistent rate, so that the competitiveness between industries, and economic activities in general, of the member countries could unfold under equal conditions.

[Unidentified Ecuadoran reporter] Mr. Bolivian President, is Panama going to join; are there special conditions for this to happen? Can you tell us what will happen with Panama?

[Sanchez de Lozada] I think I understand your question. We hope that Panama will become, as it should, part of this Andean Community. It was the dream of liberator Simon Bolivar to unite this continent. We saw the will of the Panamanian president because based on his offer, a decision was made to have the headquarters of the Andean organization for struggling against drug trafficking in that country. I believe this is a sign that we will really unite in this great project of integration and unity. In addition to that, all the documents and papers have been stamped with the name of Panama and I believe this reflects the commitment, the will, of all of us to make Panama a member of this great project.

[Unidentified reporter] What is the position of the new Andean Community with regard to the Mercosur [Common Market of the South] and their possibility of integration?

[Sanchez de Lozada] [Words indistinct] how important it was to join and to remain in the Cartagena Agree-

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ment. By staying together we have a better chance to negotiate successfully with the Mercosur. With the help of Panama, we can negotiate with the Central American Common Market, and also with the NAFTA. And why not negotiate with the European Union, and the countries of the Pacific. It is important to negotiate with all of them, even though there are great differences economically and territorially between some countries. We must remain united to become valid and effective representatives before other blocs that are growing rapidly toward hemispheric union in the economic, social, and, ultimately, political fields.

[EFE reporter] I am Victor Robles of EFE. The creation of the Andean Community was a surprise to us. We were only expecting the creation of the Andean Integration System. Could you be more explicit and explain to us the difference between the two organizations? Also, when will the General Secretariat begin to operate?

[Fujimori] The Andean Group has evolved to become what is called the Andean Community. This no longer involves only an integration of economic and commercial nature, but goes beyond that. It hopes to reach political levels, and this is why there are plans to establish the Andean Parliament, with congressmen who are elected in direct elections. This is an important progress within the context of integration, and to carry it out there several organizations and entities. This group of organizations and entities is what is called the Andean Integration System. In other words, the Andean Community will be managed by the Andean Integration System. The Andean Integration System is basically made up of the following organizations: The Andean Community Presidential Summit; the Andean Community Foreign Ministers Council; and the Andean Community Commission, which is comprised of representatives of the member countries who are invested with full powers. These representatives can be ministers of industry and commerce, and in some cases a country can appoint a foreign minister or simply a plenipotentiary. This commission has a more technical management and it is in charge of coordinating measures, not only of the commerce sector, but also of other sectors. For example, the agriculture ministers could meet to implement some guidelines, and these guidelines are then transferred to the Andean Community Commission, which is comprised of the plenipotentiaries. It is at this commission level that the new framework of agreement is made. Also, below the commission we have the Andean Community General Secretariat, which is under a secretary general who has a greater power for executive, auditing, and operational capabilities on the issues decided by the commission. He is the one who will implement the approved measures. The system is also made up of other organizations, such as the Andean University, the Simon Bolivar Project, etc. But the interesting thing is that the secretary general, who is elected by consensus by the five member countries at the foreign ministerial level, has great power. I would like to repeat: He has executive powers. Therefore, he can implement better management of the issues concerning the Andean Community. There was great discussion with regard to the eventuality of a controversy involving two or more countries. There were proposals saying that the secretary general should be the one to decide on a controversy and other proposals saying that the general directors should decide. We reached a happy agreement in the sense that if a controversy regarding trade or other issues arises, the secretary general, with the support of experts, can decide on the controversies. We have a much more executive organization within the system. Therefore, one should not confuse the Andean Community with the Andean Integration System. The system is the group of organizations that will make the Andean Community a reality.

[Sanchez de Lozada] Because this is a basic change from the Cartagena Agreement, the new organization we just created must be ratified by the Congress of the members of the new Andean Community. Therefore, the new organization will begin to operate after its ratification. We hope the ratification will take place this year, if possible, and that, beginning next year — or perhaps sooner — this will be the organization of the new Andean Community.

[Unidentified Radio Programas reporter] Was there any time, during the multilateral Andean summit that just concluded tonight, to exchange ideas with Ecuadoran President Sixto Duran-Ballen on bilateral issues like the Peruvian-Ecuadoran situation or the benefits the negotiations regarding the lists of subsistent impasses may bring?

[Fujimori] We did not discuss this issue at all, and it was not on the agenda, either formally or informally. There was no bilateral discussion but there was a very cordial meeting, and I consider this important prior to the discussion of the essential bilateral issues. We also agreed on all points with regard to the Andean Community. However, no bilateral issues were discussed. But I did receive an interesting proposal from President Duran-Ballen in the sense of enlarging our highway to connect with the Ecuadoran highway in Lalamor and to build an international bridge. Peru would have to build a highway to that point. I made an evaluation of the proposal. Our road goes from (Chilian) to Las Lomas and from this point to Macara. These points are bit far from each other, but as the Ecuadoran

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highway extends to Macara, the segment from Las Lomas to Macara could be made into a highway.

[Unidentified reporter] [Words indistinct] the new idea of an Andean Community. Could you explain whether this represents the free passage of workers from one country to another? For example, could this represent the elimination of visas and the issuing of common passports, and supranational legislation?

[Fujimori] These aspects are not being considered for the immediate future, but a commission on labor matters is being created. Regarding the elimination of visas, I believe progress is being made bilaterally, and the total elimination of visas could be achieved. The supranational legislation is also being considered because the Foreign Relations Committee of the Andean Community Foreign Ministry can reach agreements on legislation, which then become supranational legislation.

[Sanchez de Lozada] [Words indistinct] the changes are not only cosmetic changes. When we talk about a community, we are talking about going beyond the economic issues, going into social areas and even political areas. Therefore, we should not get ahead of events, but create the conditions to be able to achieve a real community that covers the political, social, and, obviously, economic areas. I believe the meaning of the new name we gave this process, the Andean Community, is the will to seek integration through several agreements in all aspects. [Words indistinct] like the European Community [words indistinct] we are thinking of moving steadily but without hurry through a similar process with our own characteristics and methods, with the purpose of truly integrating our community.

[Unidentified reporter from EL MUNDO] I would like to know if there has already been a proposal as to who will be the secretary general, and where the headquarters of the Andean Community will be situated.

[Fujimori] The headquarters of the General Secretariat will be in Lima. No names have been proposed yet, but I heard that several names are being mentioned, that there are several candidates, and I hope [words indistinct] but the election of the secretary general must be by consensus; in other words, there can be no dissenting or opposing votes.

[Unidentified reporter] It was reported that the presidents of the newly created Andean Community were asked to review the tariff rates. When will Peru give its answer, and if it is negative, will the current tariffs be maintained?

[Fujimori] We expect negotiations, a harmonization, with regard to macroeconomic policies, not only concerning the tariff aspect. The tariff aspect is very important, but there are also many aspects of macroeconomic policy that must be harmonized. This is why these issues will be discussed thoroughly at the level of the Andean Community Commission to make progress on the harmonization aspect, especially the tariff system. Let me reiterate: This issue is not too complicated because the maximum range is 0-35 percent and ours is 15 and 25 percent. The issue here is probably to reduce the 15 and 25 percent, and for the other countries to eliminate the [figure indistinct] percent. These are ranges that do not involve too many products, and the 35 percent applied on automobiles and other products could be reduced to a lower rate. Therefore, we could all converge at a more uniform tariff rate, as we have, for example, in the case of [word indistinct]. It is true that we have a difference of 5 points, but the thing works and we have, in practice, a free trade zone. Thank you very much. I hope the answers to your questions [words indistinct] on the new agreements reach the people of the Andean Community.

Inter-American Affairs: Sanchez at Andean Summit Closing

PY1103155396 Lima Radio Programas del Peru Network in Spanish 0003 GMT 11 Mar 96

[Speech by Bolivian President Gonzalo Sanchez de Lozada during the closing ceremony of the Eighth Andean Presidential Council Summit, at the University of Trujillo in Trujillo, Peru — live]

[FBIS Translated Text] My friend, Peruvian President Alberto Fujimori, my friends the presidents of the member countries of the new Andean Community, foreign ministers, local authorities: On behalf of all of us, I would like to start by commending the appropriate choice of this marvelous city that has allowed us to look into the past from the pre-Columbian ruins, the streets, and this wonderful square that remind us we were and continue to be an Andean community. The people have been extremely warm and cordial.

Our work has been organized in a manner in which we may cast aside our daily problems, freeing our minds from future elections and applying them to future generations. This has allowed us to achieve what I believe is a positive, an extremely positive thing, that is, to reorganize the tools and organs of the Andean Community so that we may fully attain what the people want most: That we become truly united and not be on the defensive, protecting ourselves in the belief that we are yielding too much.

I believe our achievements here are significant because they are not historical. I say they are not historical because we perceive a political will to unite, to cast

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aside our suspicions, reticence, and in a great responsible manner, because we have this responsibility due to our commitment with the people, (?uphold) the sovereignty of our countries within the framework of a new and greater community that will result in jobs, well-being, social justice for our people, not in a too longer term but in a term that the people themselves will understand and accept.

I wish to congratulate the foreign ministers and teams of the Cartagena Agreement and foreign ministries who have worked so well coordinating this agreement that has brought the critical, key problems to the attention of the presidents. I also want to voice our satisfaction over the agreements we are signing today.

Undoubtedly, an Andean legislative power, directly elected by the people through universal elections, a decided executive branch, and a judicial branch that can handle conflicts and pass a ruling on them, gradually but surely allows for the materialization of [forefather Simon] Bolivar's dream of the unity of our countries.

I think we can feel truly happy and confident in our future. I also believe the people who wonder what purpose these summits have, realize that the human contribution made by the presidents who represent them is the essence that allows us to carry out this type of process because this is how we can attain confidence, security to discuss the great issues and great problems.

I have the honor of inviting you to Bolivia. I hope I can offer you something as well organized as this meeting. I also hope to be able to choose a city in Bolivia where all of you may feel like members of a same family, history, and community.

Mr. President of Peru, Messrs. Presidents, Messrs. Foreign Ministers, all I can do is pray to God to bless the new Andean community. Thank you. [applause]

Inter-American Affairs: Labor Ministers Meet in Nicaragua

PA1103160096 Managua LA PRENSA in Spanish 8 Mar 96 pp 1, 14

[Report by Freddy Potoy Rosales]

[FBIS Translated Text] Labor Minister Jose Francisco Rosales Arguello said that globalization of the economy, liberalization of commerce, and labor market's flexibility need not necessarily hurt the working class.

Rosales delivered a strong and lengthy speech pointing out the advantages and disadvantages of the Enhanced Structural Adjustment Facility (ESAF) during the inauguration of the Ninth Meeting of Labor Ministers of Central America, Belize, Panama, and Dominican Republic yesterday in Montelimar.

The official underscored several achievements of Violeta Chamorro's administration, but he recognized that poverty persists and that a higher economic growth rate will be needed to bring Nicaragua back to 1978 levels, perhaps in the next 15 years.

He added that the negative social effects of the economic adjustment and stabilization measures and of the "laissez-faire, laissez-passer" policy have been systematically pointed out.

Rosales noted that the labor ministers of the aforementioned countries must try to identify the problems that stem from political structural adjustments to ensure that the Copenhagen Declaration and other international agreements do not become worthless pieces of paper.

"The goal is, thus, to develop economic policies that promote employment, sustained and productive employment; policies that generate not only quantity but quality," Rosales told his colleagues of Central America, Panama, Belize, and Dominican Republic.

He pointed out that as long as we fail to find the missing link between temporary employment and productive and sustained employment, "we will not be able to solve the most urgent problems caused by unemployment."

Rosales said that the is no doubt that small and medium-sized companies, cooperatives, and single-ownership or family businesses will become the peoples' refuge, because our economic structures are ill-equipped to compete with developed countries.

The minister said that countries that cannot compete with developed ones run the risk of becoming the maquilas of maquilas [assembly plant sector] and that globalization of the economy and liberalization of commerce "constitute genuine challenges for some, dangers for others, and incertitude for us."

Nicaraguan Labor Minister Rosales criticized multinationals that are often wealthier than the countries where they invest and whose governments must establish labor regulations imposed by them.

The official noted that he refuses to "accept that our governments must obligatorily establish labor regulations in order to participate in the internationalization of commerce, and in the globalization of the economy. Our countries need work, but we need dignified work."

The meeting of labor ministers that will close this afternoon will discuss strategies and policies to create jobs in small and medium-sized companies, the policies of multinationals at free zones, and the impact of the free trade agreement [not further specified] on Central America.

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Cuba

Cuba: Emigres 'Targets' of U.S. Charter Flight Policy

PA0803170596 Havana Radio Havana Cuba in Spanish 0000 GMT 6 Mar 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] On Tuesday, the Cuban newspaper GRANMA published an article in which it indicates that with the decision to prohibit charter flights used by residents in that country to travel to Cuba, the U.S. authorities proved once again that they are using Cuban emigres living in the United States as targets of their policy.

Cuba: Commentator on Reaction to Helms-Burton Bill

PA0903025096 Havana Radio Rebelde Network in Spanish 1800 GMT 7 Mar 96

[Commentary by Orlando Contreras from the "National Radio News" newscast]

[FBIS Translated Text] I am going to quote headlines from this morning's wire services:

Brussels, 7 March, AFP — The EU was furious today, Thursday, over the intensified U.S. embargo against Cuba and expressed its concern to [words indistinct], assistant secretary of state for inter-American Affairs of the U.S. Department of State. The European commission is examining possible actions to present to the WTO.

Washington, 7 March, NOTIMEX — The Helms-Burton legislation, which will reinforce the U.S. economic embargo against Cuba, is an incorrect measure that will complicate the island's democratization, one of the editorials of THE WASHINGTON POST warned today.

Santiago, 7 March, AFP — Chile regrets the broadening of the embargo against Cuba, because it is an obstacle to free trade, Foreign Minister Jose Miguel Insulza has warned in Santiago. We do not like this initiative, the foreign minister has said.

I could continue to quote this morning's dispatches or remind of Mexico's energetic position on the issue or that of Russia, but I believe this is enough to demonstrate the point. What I want to convey is that I cannot find dispatches reflecting the view by the international public opinion or specific nations in support of the Helms-Burton legislation.

If we analyze things calmly, we can appreciate that an entire range of legal plans already exists for the sole purpose of squashing Cuba. Helms-Burton is a vile, political act that attacks Cuba and the world and is already causing a headache to the United States. An old law called Prohibition Against Trading With the enemy—Cuba is the enemy—dating back to the war has been applied to Cuba for a long time, but this new law, which Clinton is using, intends to force the will of the United States on the rest of the world, something which the Roman emperors, Charles V, Napoleon, or Hitler were unable to do, all this in order to serve the selfish and corrupt interests of a few.

It is good to remember that Helms and Burton have received money from the Bacardi inheritors and from Mas Canosa's Cuban-American Foundation itself.

When a government calling itself a world leader does not have the sufficient capability or force to distance itself from bastard politics, it is sending unequivocal signals to the international community: It cannot be trusted; it is correct to be leery of it. Thus, this morning I could not find one single dispatch supporting a Washington bent on Helms-Burton.

Cuba: ANNP Head Views ICAO Meeting on Plane Shootdown

PA1003233296 Havana PRENSA LATINA in Spanish 0418 GMT 10 Mar 96

[FBIS Translated Text] Havana, 9 Feb (PL) [dateline as received] — Ricardo Alarcon, president of the Cuban National Assembly of the People's Government [ANPP], said today it will be difficult for the United States to impose its version of the 24 February incidents at the International Civil Aviation Organization (ICAO).

"They (the Americans) have decided to condemn Cuba without having a real basis for getting the ICAO to adopt a position against the island," Alarcon told PRENSA LATINA moments after arriving in this capital from Canada.

The president of Cuba's highest level legislative body attended a meeting of the ICAO Council in Montreal, where they reviewed the topic of the two pirate planes of the counterrevolutionary organization Brothers to the Rescue that Cuban MiG planes shot down two weeks ago when they violated national airspace.

According to Alarcon, the truth about the incidents "is so obvious and clear that no matter how much power Washington may have, it will be difficult for it to impose its interests."

He said the U.S. delegation has insisted that the international organization limit itself to technical aspects of the incident and has tried to manipulate the discussion to get the Caribbean nation to be condemned, but most

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of those who attended, he said, called for an in-depth, comprehensive investigation of all the incidents.

He said the U.S. maneuver was to go over what the UN Security Council (which the United States itself had rapidly convened in an attempt to censure Cuba) had done, but "it once again lost in this regard," he said.

The Security Council has limited itself to deploring the incident and has recommended an investigation, a statement which was acceptable to Cuba, according to Alarcon, but which the U.S. delegation tried to manipulate so as to invalidate the mandate of the ICAO investigating commission, "because it knows it has a weak position."

The organization's resolution neither condemns Cuba nor limits the investigation to technical aspects but to all those involved in the incidents, Alarcon said. He also mentioned a few countries that believe political elements favorable to the island should be taken into account.

In this regard, he described as brilliant the participation of nations such as the PRC, Russia, Angola, Trinidad and Tobago, Brazil, Mexico, Nigeria, and India, among others, as to how the ICAO report should be drafted, considering the successive violations of Cuban sovereignty by allegedly civilian planes flying in from U.S. territory.

He said "the United States cannot deny basic elements that are impossible to make disappear" even though some members of the council of that specialized UN agency were unaware of part of what happened.

In view of the insistence of the White House representative that the planes that were shot down were civilian, Alarcon said the crew members of the Brothers to the Rescue planes were actually the only passengers and members of a band that is hostile to the island.

The more the matter is debated, the more the U.S. position weakens, the high-ranking Cuban leader said. Alarcon added that even the government of that country cannot deny the fact that the Cuban authorities had issued repeated warnings, declarations, and calls for the adoption of measures to prevent the crisis.

The ICAO Council has previously discussed four cases of civilian planes shot down by the military, but the present case has nothing to do with the previous cases, in which, by the way, no one was condemned, he said.

Likewise, Alarcon said an ICAO commission in charge of the investigation should be arriving in Havana next week. A similar commission should be traveling to the United States.

Ricardo Alarcon was received at the airport in Havana by Lazaro Barredo, vice president of the ANPP Foreign Relations Commission, and other officials from that legislative body with whom he also exchanged views about the Helms—Burton bill, which the U.S. Congress approved recently.

In this regard, he reiterated his opposition to that initiative, which seeks to intensify the U.S. economic blockade of Cuba and which on previous occasions he has described as troglodytic, irrational, and criminal.

During his four-day stay in that northern country, where he traveled accompanied by Rogelio Acevedo, president of this country's Civil Aeronautics Institute, Alarcon also mentioned the expressions of support and solidarity with the Caribbean island received from organizations and people of Canada.

Cuba: Foreign Minister on U.S. Bill, Ties With Spain

PA1003170896 Havana Radio Havana Cuba in Spanish 1300 GMT 10 Mar 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina said in Havana on 9 March that the Helms-Burton bill not only violates the island's sovereignty, but is also an attempt to interfere in the rights of third countries.

In a news conference, Robaina said the world cannot be ruled by the United States and that the Cuban economic transformation process will not be suspended despite this U.S. bill.

As for the downing of two pirate planes on 24 February, the chief of the Cuban diplomacy said that whenever its airspace is violated, Cuba will respond with actions, but recognized as positive certain measures adopted by the U.S. authorities to control civilian flights.

The Cuban foreign minister said that for Cuba, the most important thing about this measure is not the fines and the confiscation of licenses, but its effectiveness in guaranteeing that his country's sovereignty will not be violated.

Robaina reiterated Cuba's willingness to discuss any topic with the United States, but rejected any relations of subordination in which the United States says where, when, and how, and the Cubans say, yes, sir.

Roberto Robaina also said in this capital that his country wants good relations with the Spanish Government and businessmen after conservative Jose Maria Aznar becomes prime minister.

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The Cuban foreign minister said in a news conference that Cuban ties with Spanish officials and businessmen have been intensified. They are very strong ties that should not be affected by ideological differences, the Cuban foreign minister said. Robaina explained that Cuba has not yet formally congratulated the Spanish Popular Party following its election victory as it is waiting for Aznar's cabinet to be formed. The Cuban foreign minister wished Aznar success as prime minister of the Iberian nation.

Cuba: Lawyers' Union Urges Rejection of Helms-Burton Bill

PA1103184796 Havana Radio Rebelde Network in Spanish 1255 GMT 11 Mar 96

[Communique read by Arnel Medina, president of the National Union of Cuban Lawyers, UNJC; from the "Doing Radio" program]

[FBIS Translated Text] The U.S. Congress has approved the so-called Helms-Burton bill, which seeks, as stated in its text, to strengthen international sanctions against Cuba, and implements sanctions against Cuba's commercial partners. It also threatens the international financial institutions and the OAS with actions if they do not comply with the demands established by the bill.

The National Union of Cuban Lawyers [UNJC] feels that there is no better judgment than the contents of four successive resolutions of the UN General Assembly between 1992 and 1995, approved by an overwhelming majority of votes, condemning the U.S. economic, commercial and financial blockade against Cuba.

Those resolutions demanded strict compliance with the principles and objectives contained in the UN Charter to reaffirm the sovereign equality of states, nonintervention, and freedom of trade and international navigation, which are also stipulated in numerous international legal instruments.

They also express concern over the promulgation and implementation of laws and regulations, whose extraterritorial effects affect the sovereignty of other states and the legitimate interests of companies and persons under their jurisdiction. The resolutions urge UN members to abstain from promulgating and implementing laws and measures of that nature in compliance with commitments established in the UN Charter and international laws. Those resolutions condemn the Torricelli law of 1992, which is still in effect, which the Helms-Burton bill is supposed to strengthen.

The international community has responded with firmness and unity to that bill, which in addition to being a criminal and inhuman blockade aimed at killing the Cuban people through disease and hunger, is disrespectful to all states and an insolent response to all the numerous decisions adopted by the UN General Assembly and by other regional and international organizations.

In presenting this document, the UNJC issues a call to all men and women who are members of institutions, organizations and associations of lawyers in the world to condemn that juridical monstrosity. It hurts the feelings of all honest people and will not withstand the slightest juridical analysis by anyone, regardless of what his beliefs, ideas, and political stance may be.

The UNJC urges them to carry out actions aimed at stopping the promulgation and implementation of this bill and thus prevent the U.S. Government from further tightening the blockade it has maintained against the Cuban people for more than three decades, flagrantly and systematically violating the human rights of the Cuban nation.

There is no doubt, and we should all realize this, that this bill is the preamble of what the so-called world order of the unipolar world will be as we enter the 21st century.

Havana, 9 March 1996.

Cuba: Report on Closer Ties With Former Yugoslavia

PA0803144096 Havana Radio Havana Cuba in Spanish 1300 GMT 4 Mar 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] (Rabinovic Ganovic), vice president of the Council of the Republics of the Yugoslav Parliament, and Jaime Crombet, vice president of the National Assembly of the People's Government, reiterated in Belgrade the traditional friendship and sincerity in the relations between the peoples of Yugoslavia and Cuba.

The Cuban and Yugoslav leaders agreed on the need to broaden cooperation between the two parliaments to establish closer ties and contribute to the development of the two nations. They also discussed the signing of a protocol on the exchange of visitors and delegations, information and experiences, as well as consultations on parliamentarian issues and incentives for cooperation, among other topics.

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Cuba: Russian Official Says Robaina's UN Address 'Timely'

PA0803124696 Havana PRENSA LATINA in Spanish 0237 GMT 7 Mar 96

[FBIS Translated Text] United Nations, 6 Mar (PL) — Sergey Lavrov, Russian ambassador to the UN, believes that Cuban Foreign Minister Roberto Robaina's address today before the UN General Assembly had been comprehensive and timely.

In statements to PRENSA LATINA, Lavrov commented that the address included evaluations, analysis, and information included in several letters and notes distributed by Cuba during the last week, which allowed all delegates to have information beforehand on what was going to take place here this Wednesday.

Lavrov believes that the decision of the general assembly members to allow the Cuban foreign relations minister the opportunity to express his country's position before the maximum forum of the UN had been appropriate.

The entire issue is now in the hands of the International Civil Aviation Organization (ICAO), which will be responsible for carrying out an in-depth inquiry by taking all facts into account, Lavrov stressed.

With respect to statements made by U.S. Ambassador Madeleine Albright during her response period, with respect to the UN Security Council already having condemned Cuba for committing an international crime, the Russian diplomat contends that it is a blunder [pifia] and an interpretation very typical of decisions made by that UN organ.

He pointed out that the document expresses itself in terms of profoundly deploring the downing of the airplanes and the loss of four lives, as well as to urge the ICAO to fully investigate the incident.

This means, Lavrov explained, that although the Chicago Convention points out that weapons are not to be used against civilian airplanes, it also stresses that every country is obligated to take measures to prevent the use of its territory by civilian airplanes to violate other countries' air space.

In addition, he added, the convention bars all countries from allowing their airplanes from undertaking subversive operations against other states.

The security council, Lavrov remarked, recalled that this convention is still in effect and that international law must be observed under all circumstances, but that the second phrase has no relation whatsoever with the Chicago document.

It is for this reason why, to say that the security council described Cuba's action as an international crime is not only an inaccuracy, but also a direct manipulation of the truth.

With respect to the Helms-Burton bill, approved by the U.S. Congress, Lavrov said that Russia is unable to agree with it on account of its extra-territorial feature, most of all because it is contrary to the interest of the majority of the European states, Canada, as well as Russia's economy and commerce.

We have referred to the issue on several occasions, and there is no doubt that our position remains unchanged and not only that, we are also making our position known to the Americans at every level and we intend to continue doing so because it is detrimental to our interests, he added.

In concluding, the Russian ambassador stated that it is inconceivable to grant extraterritoriality feature to national measures.

On the other hand, Julio Armando Martini, Guatemalan ambassador to the UN, declared to PRENSA LATINA that the general assembly was interested in listening to Foreign Minister Robaina's arguments which he presented quite well and clearly.

Cuba: Robaina Wants To Maintain Good Relations With Spain

PA1003031496 Mexico City NOTIMEX in Spanish 2355 GMT 9 Mar 96

[FBIS Translated Text] Havana, 9 Mar (NOTIMEX) — Cuban Foreign Minister Roberto Robaina today stated his government's wish to maintain good relations with the government and businessmen of Spain under the administration of Prime Minister Jose Maria Aznar, a conservative.

The Cuban foreign minister said during a news conference today that relations with Spanish leaders and businessmen have been intensified and that there are "strong links" that pass over ideological differences.

He said no formal congratulation has been sent yet to the new conservative government that won the 3 March elections by a narrow margin because Cuba is waiting for the formation of the cabinet of the leader of the Spanish Popular Party, to whom he wished success.

Aznar obtained a narrow victory in the elections, which put an end to 13 years of government by the Spanish Workers Socialist Party of previous Prime Minister Felipe Gonzalez, who maintained a rapprochement policy toward Cuba.

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Robaina said that Cuba followed Aznar's electoral campaign and that it "respects the decision of the Spanish people." He declined to answer a question on whether Havana expects a cooling of relations with Madrid as a result of the criticism of the Cuban Government by the conservative leader.

Robaina, who also wished success to the future government of Jorge Sampaio, in Portugal, said: "We prefer presidential performances rather than electoral campaigns."

During his campaign, Aznar promised to radical Cuban exile groups in Miami, Florida, that relations with Havana will depend on "respect shown for human rights and a transition to democracy" on the island.

Cuba: Havana's First Secretary on Housing Problem

PA1003190796 Havana Radio Havana Cuba in Spanish 0000 GMT 3 Mar 96

[Report by Marianela Samper; from the "Evening Information Review" newscast]

[FBIS Translated Text] Havana's population density is a complex situation. The present population is 2.2 million living in an area of approximately 700 square kilometers. The migratory flow from other provinces to the capital promotes that density, consequently affecting basic services such as transportation and water supply, and makes the housing problem more critical.

Esteban Lazo Hernandez, PCC politburo member and first secretary in the City of Havana Province, told local reporters that the solution rests in calling people to stop the growing migration wave. He gave the following details:

[Begin Lazo recording] We must mention that in 1995 total migration was 27,000 people, in most cases their status was legal or they legalized their situation. Therefore, a bill is being drafted to implement various measures, because this is not a problem of [word indistinct] that you can tell people not to come. This is a program aimed at controlling the situation. Some people will arrive and others will have to leave. What we really want to achieve is some control over the situation.

As you were saying, how can we stop this from happening? Let me tell you, illegal actions can take place; for example, someone approaches you and tells you that he wants to move to Havana. Immediately after he has your consent to move to your house he will receive an identification card. When the person has the identification card, he has everything he needs. He has to be registered in the consumer's record and can settle in Havana.

Some regulations have been implemented so far. For example, registering people that will house someone, thus eliminating the illegal situation. On the other hand, there are illegal people that come and build their houses anywhere, affecting the appearance of the city. They cause problems because they do not have electricity, water, or supplies.

This is a very complex problem that needs to be solved by other means. We must also solve the problem through administrative channels. In that sense, the government has reviewed important measures. For example, we always say that we have unemployed people living in Havana, nevertheless, we have to bring in construction workers from the Eastern region, Camaguey, and other areas.

We do not have enough policemen. When we want to employ people here, we found that people are not interested in becoming policemen, so we have to bring them in from the Eastern region, Matanzas, Pinar del Rio, etc. They remain here, as sometimes do the leaders of institutions or employees that have come to carry out agricultural activities. All these elements contribute to deepening the problem and to prompting another migration flow to the capital.

However, Havana residents can help lessen this present migratory situation. We can work in the construction and agricultural sectors, as well as become part of the police force. Society is very complex. You were telling me that people complain about this and that, and they are right [word indistinct]. The revolution has taught us how to solve problems, but we have to teach people that when there are complaints, we have to show the steps taken to help the situation. [end recording]

Havana plans to implement a program to build 10,000 houses a year. According to Lazo Hernandez, the program is coming along with support from the government commission, which includes various action groups.

[Begin Lazo recording]

1. The construction of new low-cost houses.

2. One thing of political importance to us is the donation of facilities by organizations to be turned into houses.

3. Repair of the citadel.

4. Repair of roofs.

5. Restoration of buildings that need repair in Havana.

6. Solving the water problem.

We cannot say that all problems are solved. We can talk about cooperation. [end recording]

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Lazo praised joint works carried out in the neighborhood of Cayo Hueso, where more than 20 government institutions work together in the renovation and maintenance of houses, buildings, and citadels.

[Begin Lazo recording] I can say that this program is running smoothly. There are two important factors: The government's willingness and people's participation. People are taking part in solving their problems. This is a very important experience that we will promote during the second part of this year with the other 11 people's councils [consejos populares] of the city. [end recording]

Lazo emphasized the movement of micro brigades created in the 1980's to help in the construction sector. At present there are 34,000 people affiliated in Havana. The special period and the shortage of resources stopped the construction rush and priority was given to social projects. Therefore, approximately 16,000 houses have not been delivered. The solution to this problem depends on the real possibilities available at present.

[Begin Lazo recording] Last year, we were able to complete 3,000 pending cases. At present we have approximately 10,000 cases. In the next few days we will be holding a meeting with the CTC [Cuban Workers Federation] and government officials to draft a project and see how many of those 10,000 remaining cases could be completed in 1996. Other projects could be completed in 1997 or 1998. What is important is not to let down those comrades that were waiting for seven or eight years. It will all depend on the resources available and a willingness to solve the problem. [end recording]

Besides construction projects, there are plans to turn more than 1,000 facilities into houses to be delivered by the government. This is another way of solving the problem.

Cuba: Vilma Espin Speaks During International Women's Day

PA1003024096 Havana Radio Rebelde Network in Spanish 1800 GMT 8 Mar 96

[Report by Carlos Sanabria Marrero in Santiago de Cuba; from the "National Radio News" newscast]

[FBIS Translated Text] [Announcer] Hundreds of Santiago de Cuba women, representing Cuban women, gathered yesterday afternoon at the site of the old Moncada Barracks to celebrate International Women's Day. Journalist Carlos Sanabria Marrero has more details:

[Sanabria] In the combative and enthusiastic celebration, the territories of Santiago de Cuba, Holguin, Villaclara, and Cienfuegos received encouragement over their 1995 results, even though all provinces advanced the FMC [Federation of Cuban Women] tasks, according to Vilma Espin, president of the women's organization. Espin also chastised U.S. ultra-right maneuvers to economically strangle our people.

[Begin Espin recording] The intentions of the counterrevolutionary mafia of Miami are well-known. We know well that six years ago, when the Soviet Union disintegrated, followed by the events in Eastern European countries, many packed their bags to return believing that this would cause our defeat. It seems they have become tired of waiting and now, when they have been able to discern Cuba's capacity, intelligence, strength, and moral reserves to emerge, they resort to conspiracy with those who have always encouraged, financed, and protected them: the U.S. ultra-right. No doubt remains that everything that has taken place has been nothing but another conspiracy of the U.S. and Cuban ultra-reactionaries, aimed at increasing U.S. Government sanctions against our country. [end recording]

[Sanabria] In another part of her speech during the main national act to commemorate International Women's Day, Vilma Espin said that Mariana's [Mariana Grajales, Antonio Maceo's mother] clear and patriotic example served today as an inspiration to our comrades, and concluded with this message:

[Begin Espin recording] We congratulate all of you on this 8 March. We also congratulate women the world over, our Latin American and Caribbean comrades, where frightening statistics denounce the horrendous phenomenon of poverty [word indistinct] as a result of neo-liberal policies that are applied today with the dreadful after-effect of children who cannot go to school, who receive no medical attention, abandoned and hungry children, and the helpless elderly. So many of these elderly tell us: Preserve the revolution, Cuba is our hope. [end recording]

Cuba: Basic Industry Said To Register Constant Recovery

PA1103030996 Havana Radio Havana Cuba in Spanish 0000 GMT 10 Mar 96

[Report by Marianela Samper; from the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban basic industry has registered a constant recovery of its main products and services for both local and export markets. Some outstanding strategies of this economic sector are: Consolidated financing sources and markets, a better corporate system with working projects of at least three years, and adequate systems that have promoted and achieved workers' stability and higher production. Moreover, the

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creation of import—export enterprises has allowed a direct relationship between producers and their suppliers and markets, a fact which has guaranteed material resources.

If we examine this sector's results for 1995, we will observe that indicators reveal a 24 percent growth rate in commercial production, a 33 percent profit rate, a larger labor productivity, and a reduced cost per peso.

The basic industry sector has provided the state budget with financing in foreign exchange worth approximately $415 million. This has facilitated the financing of imported products for export and local consumption. Last year's oil production was the highest record ever: 1.47 million metric tons, which have helped to generate electricity for the entire country using only national crude. Likewise, oil risk exploration continued in 16 tracts that concentrated into the hands of foreign oil companies. The creation of Cubalub [Cuban Lubricant Enterprise] in the second half of 1995 earmarked the beginning of the recovery of the lubricant market, which was destined for the sugarcane harvest and other vital economic sectors.

In addition, the nickel industry has halted its loss of capital by modernizing its installations and has given the country $90.8 million.

The projections of the Cuban basic industry for 1996 are ambitious. First and foremost is the extraction of at least 1,500 metric tons of national crude. Other projections include the conclusion of negotiations on the gradual substitution of kerosene by liquid gas and to generate more than 11,000 megawatts so as to guarantee basic services for the economy and the people all day. As for the nickel industry, the renovation and modernization of plants will continue.

Meanwhile, the chemical industry has as its priority the production of fertilizers for sugarcane, tobacco, tubers, and vegetables.

The 11 sectors comprising basic industry have as their objective the gradual recovery of their production as they continue the process of expanding their industrial capabilities.

Just as the U.S. Government insists on approving the Helms-Burton Bill, workers of this vital Cuban economic sector know about its intent to obstruct business, to hinder the access to sources of financing, and to increase the prices of basic products. As strategists of one of the nation's vital pillars, basic industry workers will continue their efforts, however, to rescue production, to achieve economic recovery, and to integrate Cuba into a world where market laws prevail without relinquishing their social achievements.

Cuba: Tourist Workers in Ciego de Avila, Sacrifices

PA0803142996 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 5 Mar 96

[From the "NTV" newscast]

[FBIS Translated Text] The sustained increase in the investment programs in the tourist sector create the need for a larger number of workers. The Ciego de Avila tourist center is an example of the employment possibilities this sector has to offer.

[Begin recording] [Correspondent Bernardo Espinosa] An increase in tourism in provinces like Ciego de Avila generate a sustainable [words indistinct] in the sector.

[Unidentified speaker] We will need to employ approximately 700 new workers this year. Many are already in the apprentice stage and others are nearing graduation. Ciego de Avila is a province that has very important employment perspectives, due to the development of this sector.

[Espinosa] In Cuba over 55,000 workers are employed in the tourist sector. Most of them are young, such is the case of this tourist center in Ciego de Avila.

[Unidentified worker] Truly, as some say, the tourist sector worker has certain benefits. However, he is also the most sacrificed worker. He works more than the normal eight hour workday.

[Unidentified worker 2] You must be a revolutionary and honest worker. We must comply with the tasks required by the Committees for the Defense of the Revolution, the Federation of Cuban Women, and our families.

[Espinosa] Human values, such as donating tips to the health sector and the will to make the maximum contribution in the recovery of Cuba's economy are also characteristics of those who work in this sector.

[Unidentified worker 3] We are just like any other worker. We sacrifice ourselves and we struggle [words indistinct]. [end recording]

Cuba: Gas Enterprise Manager Denies Insufficient Service

PA0803180496 Havana Radio Rebelde Network in Spanish 1255 GMT 4 Mar 96

[Interview with Carlos Manuel Jimenez, manager of the Cuban manufactured gas enterprises, by mobile unit reporter Alvaro de Alvarez in Havana and Felix

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Fernando Garrido at the studio; from the "Doing Radio" newscast — live]

[FBIS Translated Text] [De Alvarez] I had announced I was going to be talking about the situation of manufactured gas in Havana. To do that, I have invited Carlos Manuel Jimenez who is manufactured gas enterprises manager. Good morning.

[Jimenez] Good morning.

[De Alvarez] The first thing we want to know if there are problems right now with some of the manufactured gas enterprises?

[Jimenez] Right now, we have no production problems in any of the plants [words indistinct].

[De Alvarez] I understood some problem existed regarding coke or something to that effect.

[Jimenez] No. The coal arrived and we have normal supplies. We have a good inventory of coal and it keeps arriving. We do not foresee problems in that regard.

[De Alvarez] I am concerned that if production remains stable and the plants are working at least, why do homes have trouble getting it?

[Jimenez] Those are only a few cases. We are providing a normal service. This week there is no interruption as a result of any problem we may have. There may be scheduled interruptions because of a blackout in the plant or some minor thing, like minor repair work that needs to be done and requires suspending pumping. That does not go beyond 30 minutes. We provide continuous, around the clock service. At approximately 1300, pressure drops in the span between 1300 to 1700. The number of consumers decreases at the time and so we resume pressure pumping to be able to meet the peak afternoon demand.

In sum, gas must reach all consumers. The pipes, however, may become clogged with water or impurities. That is solved by complaining at the offices we have set up in each municipality.

[De Alvarez] Is the current production level sufficient to meet the demand of all consumers?

[Jimenez] Current production is sufficient for our 141,000 consumers. There is an additional consumption, because production does not... [pauses] it is higher than the amount needed by those 141,000 consumers. I mean to say, there is illegal or additional consumption that forces us to keep the machines pumping at full capacity, especially during the established schedules. So this raises demand to almost 600,000 [not further specified], which is our current capacity production.

[De Alvarez] We have no problems now. Are you foreseeing any problem or difficulty in a few days?

[Jimenez] We are making changes, that is, we are making an investment in the [words indistinct]. We are going to try to [passage indistinct] to the (Mario Fortunes) area, in order to have more uniform gas with fewer impurities and more stability in the city. At some point, it is going to be necessary to cut off gas service to be able to interconnect the pipes or carry out some electrical work. So we need to shut off electricity. The service in some areas may be affected because of this. On Wednesday, for instance, we have planned a minor shutdown to make an interconnection of this new investment. It is necessary because in this period... [pauses] We had planned to begin the tests for this new investment in April. We are giving the final touches to these works.

[De Alvarez] Well, Garrido, there you have it. According to the manufactured gas enterprises, there are no problems with gas production in Havana. If people have problems — and you have heard Carlos Manuel Jimenez — you know where to go and what to do. Back to you, Garrido.

[Garrido] Too bad you do not send back the gas to be able to distribute it in the areas where there is still none. There are areas without it.

[De Alvarez] If I had any I would first solve my problem and then give you some. [laughter]

[Garrido] We are jesting here, and you have heard Jimenez' statements. The fact remains that some listeners have confirmed they are having trouble. There is no manufactured gas in Plaza and there is none in Central Havana areas. This is no scheduled interruption, as the comrade said.

Cuba: Commentary on Havana Population, Internal Emigration

PA0803233796 Havana Radio Rebelde Network in Spanish 1255 GMT 6 Mar 96

[From the "Doing Radio" newscast]

[FBIS Translated Text] For some time, the internal emigration to Havana has been an important topic of public debates. The subject has caused concern among the residents of Havana due to the visible deterioration of their city. Nevertheless, contrary to what many people think, the direct cause of the capital's deteriorated living conditions is not the immigrants who arrive every year in the city trying to improve their living conditions.

This is a primary reason, but not the only one. It would be necessary to go back in history to see that the capital

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experienced the biggest migration balance shift from 1959 to 1960. This balance shift started to drop off when the country initiated regional development projects and made increasingly bigger investments in the island's interior to alleviate the big differences between rural areas and cities.

The balance of migration to Havana — this balance being the difference between the number of new arrivals and the number of those who depart — has started to diminish and stabilize, but has not disappeared. As the result of the special period in times of peace, the capability for investment in and development of provinces dropped off sharply and the capital again became the most attractive magnet for internal emigration.

From 1990 to 1993, the migration balance skyrocketed to 13,000. By 1995, the figure had doubled, reaching 27,000. Nevertheless, this increase in migration figures cannot be studied separately. Something very important must be mentioned. The capital's growth is very slow. Since 1963, this is to say, 20 years ago, Havana's population growth, or the difference between the number of people born and the number of those who die, started to decrease. The main cause of this decrease is the observable decline in births. The women of Havana give birth to less children, many of them decide to have only one baby, and the number of people in general who die has increased. This is all the more so because, according to a recent study conducted by the Demographic Studies Center, the capital's population is getting older and 16 percent of the people are more than 60 years old.

From 1993 to 1994, the capital city's population decreased because of an increasing number of emigration out of the country, in particular because of the so-called rafters crisis. In other words, despite the increasing number of immigrants to Havana, the city's population did not increase. Quite the contrary, it decreased.

Evidently, emigration to the capital is not the cause of the city's problems, although emigration contributes, because it limits the possibility of meeting accumulated needs. Although the capital occupies 1 percent of the national territory, it contains 20 percent of the Cuban population and faces decades of wear and tear and building deterioration. Although the population doubled since 1959, the city failed to increase its investments and infrastructural development in parallel with the number of residents.

It is not my purpose to encourage emigration to the capital — after all, this should find its own limitations — but to put this problem in proper perspective, because [words indistinct] basic causes of our city's present situation. In addition, investments and time are to be considered on a voluntary basis. [as heard]

Cuba: Politburo Members' Activities Through 7 Mar

PA0803143096

[FBIS Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 7 March.

Our province was recently visited by Raul Castro, who, along with Juan Almeida Bosque and Division General Leopoldo Cintra Frias, toured Pinar del Rio Province. Most of the tour was devoted to learning about the tobacco harvest and food production. Castro met with the workers of the San Luis Tobacco Company; they told him that they are willing to continue to consolidate this source of revenues, which is important for the country's development. (Havana Radio Rebelde Network in Spanish 1255 GMT 1 Mar 96)

Army General Raul Castro, Revolutionary Armed Forces minister, has congratulated the directorates of the Communist Party of Cuba, the government, and people of Cienfuegos Province for the production results of the organic orchards in 1995. He said that it was encouraging to know of the success of this sector and that these results must be taken as a foundation to achieve a higher production in 1996. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 2 Mar 96)

Sugar Minister Nelson Torres has acknowledged in Matanzas province the increase in the yields of the sugarcane grinding during the current harvest. He said that this province increased its grinding production and is pleased that the province's grinding capacity was 79 percent this week. (Havana Radio Rebelde Network in Spanish 1800 GMT 2 Mar 96)

The second seminar for municipal education directors ended today. As the seminar concluded, Carlos Lage, Council of State vice president, assessed the country's economic situation and the role teachers play in this process. (Havana Cubavision Network in Spanish 0100 GMT 4 Mar 96)

Ciego de Avila Province was the only Cuban territory that was agriculturally profitable in 1995. Alfredo Hondal, a political leader in this province, has explained what is the province's secret. He said that there is no secret; people simply worked hard with minimum resources, adding that the conditions are created to boost production. (Havana Radio Havana Cuba in Spanish 0000 GMT 2 Mar 96)

Havana residents today staged an production to remember those who fell in the sabotage of the vessel (La

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Couvre) on 4 March 1960. Jose Ramon Balaguer and Esteban Lazo presided the production. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 5 Mar 96)

Revolution Commander Juan Almeida Bosque, Council of State vice president, has solemnly met with the new Norwegian ambassador, who presented his credentials. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 6 Mar 96)

Cuba: Roundup of Sugarcane Developments Through 11 Mar

PA1103160296

[FBIS Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 11 March.

According to GRANMA reporter Juan Varela Perez, Sancti Spiritu is accomplishing a satisfactory sugar harvest. It is the area with the most accumulated sugarcane to be milled, 112 percent. The sugar plan to this date has been surpassed by 17,000 metric tons, the country's best, placing the harvest six days ahead of schedule. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 5 Mar 96)

Ciego de Avila sugar harvest forges ahead, a good example of this is the Fatherland or Death complex, which is ahead five work shifts despite heavy rains of up to 90 mm, which flooded practically all harvest areas. The complex restarted its machinery 0300 today. The situation is being evaluated for restarting the harvest but workers are bent on recovering the lost time and will continue flat-out until completion. (Havana Radio Rebelde Network in Spanish 1255 GMT 6 Mar 96)

Santiago de Cuba Province has so far accumulated an 88-percent industrial recovery rating, the highest reached in the last 36 sugar harvests. This high recovery rate permits the production of more sugar with less sugarcane. This has resulted in more than 4,700 metric tons over the plan. Clean sugarcane and effective collection practices are the determining factors for these good results. The Salvador Rosales Central has recovered 90.21 percent, the Chile Central 90.47 percent, and the Rafael Reyes Central 90.18 percent. (Havana Radio Rebelde Network in Spanish 1800 GMT 7 Mar 96)

Cuba: Roundup of Economic Developments Through 11 Mar

PA1103172496

[FBIS Report] The following is a compilation of reports on economic developments in Cuba monitored through 11 March.

The goal of cooperatives and peasant companies dedicated to banana production is to break the 10 million quintals registered in 1992. Feliberto Arazo, agriculture first vice minister, has said that the country has set aside more than 8,000 caballerias for banana plantations, and he added that those involved are trying to improve their work as well as growing bananas among coffee crops. Ciego de Avila Province is expected to contribute 1.2 million quintals. (Havana Radio Rebelde Network in Spanish 1800 GMT 5 Mar 96)

The Spanish Tryp Hotel Chain ventured for the first time outside that country and has operated for the past six months three of Cuba's most important hotels, namely, the Havana Libre, Ciudadela de Cayo Coco, and Paradiso-Puntarena complex, according to a 6 March report datelined Havana. Tryp Hotel Chain President Antonio Briones Diaz said that his company, which replaced the Guitart Hotels that left Cuba late last year, earns about $112 million each year. (Havana PRENSA LATINA in Spanish 1854 GMT 6 Mar 96)

Petroleum workers for the first time managed to extract 1 million metric tons of petroleum in Cardenas Municipality, Matanzas Province last year. General Raul Castro congratulated this municipality for this national record. (Havana Radio Rebelde Network in Spanish 1800 GMT 8 Mar 96)

Haiti

Haiti: Preval Visits Valley To Examine Rice Production

PA1203011296 Port-au-Prince Radio Signal FM in Creole 1230 GMT 11 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] Haitian President Rene Preval again went to Artibonite Valley to explore ways of boosting rice production in this area and returned to Port-au-Prince on 10 March.

For the second time in less than a month, the Haitian president spent his weekend in Artibonite Valley, the country's rice growing region, to explore ways of reinforcing agricultural production, particularly rice, in the region. The Haitian head of state wanted to explain to the Artibonite peasants the cooperation between the Organization for the Development of the Artibonite Valley [ODVA] and the Inter-American Development Bank, which is financing most ODVA projects. [passage omitted]

Before going to Artibonite Valley, the Haitian head of state, President Rene Preval, made an inspection visit of Haiti Cement and the Haiti Flour Mill. The

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head of state viewed the conditions of these two public institutions, which had been closed since the military coup of September 1991.

Preval met with the managerial staffs of Haiti Cement and the Haiti Flour Mill. Discussions focused on the reopening of these state-owned enterprises, which had been closed since the coup d'etat.

Haiti: Preval To Visit Dominican Republic 12 Mar

PA1203013996 Port-au-Prince Radio Signal FM in Creole 1230 GMT 11 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] Haitian President Rene Preval will go to the Dominican Republic on 12 March for an official visit. During his stay, Preval will meet with Dominican President Joaquin Balaguer. He will also meet with representatives of various sectors, including members of the private sector of this country.

Preval will lay the foundations for better cooperation between Haiti and the Dominican Republic. The head of the executive branch will also discuss with Dominican officials issues of bilateral interest; that is, commercial relations, the establishment of a free zone along the border of the two countries, the Haitian sugarcane cutters issue, and others.

The visit by the Haitian head of state was announced by Joaquin Balaguer during his country's independence day. Preval will also go to Washington and Canada at the end of March.

Haiti: Prime Minister on Increasing Production, Revenues

PA0803135296 Port-au-Prince Signal FM Radio in French 1130 GMT 7 Mar 96

[From "The Waking Up Newscast" — passages within slantlines in Creole]

[FBIS Translated Text] Haitian Prime Minister Rosny Smarth was sworn in on 6 March by President Rene Preval during a ceremony at the National Palace. In the speech he gave on this occasion, President Preval urged the members of the new government to have the concern about the public good as their passion; the progress of the country as their objective; the interest of the nation as their own interest, and a state in the service of the nation as their dream. Recalling that the task will not be easy, the head of state also urged the new governmental team not to make the same mistakes made by those who preceded it. The people, he said, want to divorce from this situation. President Preval took the opportunity to pay homage to former President Aristide for his participation in the construction of this new Haiti. He made himself, from abroad, the spokesperson for the whole Haitian nation that wanted to reconquer this space of freedom and social justice, Preval stated.

[Begin Preval recording] /We must increase the national production so we can spend less dollars when we are buying abroad. We are repeating it and we will keep repeating it: Each year we order over $100 million; although Artibonite, the plains of Maribaro, and Les Cayes can produce rice.

/Secondly, we must increase the state's revenues. Only about 3,000 people comply with their fiscal obligations. Most houses are not registered or [their owners] do not pay what they are supposed to pay. Eighty percent of the money resulting from the rental taxes belong to the city halls. When this money is not received, how can they pick up trash in the streets? When we look at the figures of the incoming goods registered at the customs service, they are two times lower than the figures of goods the foreign countries say they send to Haiti./ [end recording]

For his part, Prime Minister Rosny Smarth invited the members of his government to work toward the creation of a modern state of law working and geared toward the majority of the population. He recalled that the action of his government will be centered on the following main lines: Thoroughgoing reform of the public administration; setting up measures to promote a climate of security and justice; materialization of an economic policy; and implementation of a social policy aimed at the national integration and the satisfaction of the basic needs of the population. According to the prime minister, setting up such a policy requires much courage, firmness, and flexibility from his colleagues.

[Begin Smarth recording] In collaboration with the president, we are going to work as a team in order to accomplish well the tasks of the government, a government that must succeed, a government that will succeed.

/Haitian people, it is after many thoughts, it is after many calculations that I have accepted the post of prime minister, that President Rene Preval has entrusted to me, so I can lead the government. The country is experiencing a very difficult situation. To help it overcome these difficulties, everybody must get together, everybody must join hands. The government, the private sector, the socioprofessional sector, the peasant sector, the workers, and all the rest of the society must bring their strong support so we can take up this challenge./ [end recording]

Since yesterday, public management has been entrusted to Rosny Smarth and his team. Smarth said that his government must succeed and will succeed.

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Haiti: Commission President Says Apr Budget Vote

PA1003030696 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Mar 96

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] The president of the Interior ...mission of the Chamber of Deputies, Alix Fils-me, confirmed on 7 March that the national budget ...l be voted on at the beginning of April. Deputy Fils-Aime also expressed his best wishes to the new Haitian prime minister and his government:

[Begin Fils-Aime recording, in Creole] When you know.... [pauses] Let me tell you something. To the majority of the people, the budget never means anything. The budget is always an instrument in the hands of a small group of people, bringing profit to a select group of people but never to the populace.

We are working on a budget that will be in the interests of the country and the people. Anybody can say: The budget has not been voted on yet. We want a budget that has an impact on the people they will feel; this does not mean they will have a lot of money, but they will feel that another direction is being taken. This is what is important and fundamental for us parliamentarians.

Once we manage to put the crooks in the country under control, a minister will not need so many bodyguards, two cars, an entourage, etc. [passage omitted] [end recording]

Haiti: Commerce, Planning, Economy Ministers Take Office

PA1003041496 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Mar 96

[From "The Waking Up Newscast" — passages within slantlines in Creole]

[FBIS Translated Excerpt] Several ministers took office on 7 March. First was the installation of the new commerce minister, Fresnel Clermont, who said his first actions as head of this ministry will be to assess the main issues waiting for him at this post.

The ceremony, which was held in the presence of the former head of this ministry, Roger Perodin, and the general director, E. Guy Antoine, was not accessible to the press. At the conclusion of the ceremony, the new head of the Commerce Ministry made the following statement:

[Begin recording] [Clermont] /If you ask me now what exactly I will do—I just took office—I could not tell you. Understand that I, nevertheless, had to give a speech that we did not [words indistinct]. I greeted the people and told them that I was happy to see them and that we will talk again; this is what I told them. I did not make a speech, meaning you must come back next week so you can learn about what I am doing.

[Unidentified reporter] /As we know, Mr. Minister, there is a problem with the high cost of living being discussed. What is your opinion about that issue, and what could you bring to [word indistinct]?

[Clermont] /Do not ask me questions now. I have not had the time yet to know....[pauses] Do you understand? So, we will talk next week. Is that okay with you?/ [end recording]

The inaugural ceremony of the new planning and external cooperation minister, Eric Derice, took place the morning of 7 March at the ministry. In his speech, Derice, as head of this ministry, promised to fulfill the objectives of the governmental action plan stated by the prime minister; that is, the establishment of an economic policy that can maintain growth and reduce inflation and the implementation of a social policy with a view to satisfying the basic needs of the people. [passage omitted]

The economy and finances minister, Fred Joseph, announced that the main line of his policy will be centered on the priorities President Rene Preval and Prime Minister rosny Smarth have defined:

[Begin Joseph recording] Basically, it is a question of reinforcing production by reducing....[pauses] /controlling the deficit, rationalizing expenses, increasing receipts, taking the necessary administrative and legal measures so those who owe money to the government can pay it.

[Reporter] /How are things going regarding privatization?

[Joseph] /We are not going to talk specifically about privatization, but we will talk about the global, economic program; that is, the necessary structural adjustment so the economy can move forward./ [end recording]

Haiti: Creation of Jeune's New Political Group

PA1103154996 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Mar 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] A new political group has been created. It is the Cooperative Action for the Economic Liberation [Combite pour la Liberation Economique, CLE in French; and Konbit pou Liberasyon Ekonomik, KLE in Creole]. This political group, created yesterday, is headed by Leon Jeune, who made an unsuccessful bid for president in the December elections. Its objective is to work for the improvement of the poor to integrate

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them in an orderly and worthy manner into the true process of change. This newcomer to the Haitian political scene will be presented with broad publicity to the public very soon during a news conference.

Haiti: UNMIH Reports 9 Dead in Cite Soleil Incidents 6 Mar

PA0803235596 Port-au-Prince Signal FM Radio in Creole 2200 GMT 8 Mar 96

[Monitored in progress]

[FBIS Translated Excerpt] ...yesterday, the number of people who died [during the Cite Soleil incidents] was seven, today it is nine. This has been officially confirmed by the officials of the UN Mission in Haiti [UNMIH]. Nine people died and several others including civilians and policemen were injured. This is the final toll communicated to the press today, Friday, by the UNMIH spokesman in Haiti, Eric Falt. This information was provided within the scope of a press meeting. [passage omitted]

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Mexico: Cuban Embassy Personnel Said To Attack Students

PA0903020696 Mexico City Radio Red Network in Spanish 0000 GMT 9 Mar 96

[From "The Night Monitor" newscast]

[FBIS Translated Text] Approximately 50 university students who participated in a demonstration in front of the Cuban Embassy, located at Presidente Mazaric in the perimeter of Miguel Hidalgo District, were apparently attacked by Cuban Embassy personnel at around 1400 today.

The demonstrators are young members of the Inter-University Generation Movement and the Latin American Committee of Solidarity With Democracy in Cuba. They were participating in a peaceful demonstration in front of the Cuban Embassy in favor of democracy and human rights on that island. The organizations claim to oppose the excesses of the Cuban dictatorship. They were carrying signs reading: No to the Helms-Burton Bill. In other words, they also reject the United States' commercial blockade against Cuba. They request that Cubans eventually decide their future, but they also favor democracy among the Cuban people.

While participating in this peaceful action, the young people who waved Mexican and Cuban flags were attacked by embassy employees who came out and hit these young people without reason or prior notice. They injured some of these young people and also attacked a REFORMA newspaper female journalist. These organizations have announced that two of their members are missing and that they have not been found by their leaders.

Following the aggression, one of the participants, Federal Deputy Christian Castano, of the National Action Party, went with these young people and filed a report at the 11th Public Prosecutor's Office in Parque Lira, Miguel Hidalgo District.

Mexico: U.S. Report on Antidrug Strategies Viewed

PA1003015196 Mexico City LA JORNADA in Spanish 4 Mar 96 p 4

[Article by Miguel Angel Velasquez; from the "Lost City" column]

[FBIS Translated Text] A little beyond fear, of that sensation caused by the unexpected, it is time for reflection. This weekend, the streets of the cities of Tijuana and Mexico City witnessed the participation by the Army and the Federal Judicial Police [PJF] in an operation that sought, according to the Attorney General's Office [PGR], the seizure of certain properties of the drug barons.

It is well known that drug traffickers are as heavily armed, or more so, as the police and, on certain occasions, as the armies of some countries. That is why no effort is vain in the war to curb drug production and consumption, but what we are seeing all of a sudden does not exactly correspond to the truth.

For the residents of Mexico City, the country's capital, the operation and presence of soldiers in the area south of the federal district was, to put it this way, unexpected, most of all when we realized that no drugs were found in the end and that no drug trafficker was arrested. It was unexpected all the more so because we were told the only purpose was to seize the goods of the leaders of Mexican drug traffickers, which is why there supposedly could be no arrests, and therefore, a clash was unlikely.

Thus, why the Army? Why was the presence of the men in uniform following the 1985 earthquake nonbelligerent? Why is it that nobody heard that soldiers participated in the arrest of Juan Garcia Abrego, to cite one case? And now, in an operation in broad daylight, troops, transported in an armed light vehicle, erupt into the streets to participate in an affair that, while of interest to the Army, one cannot say is a common occurrence in urban areas. Why?

There could be many answers, and one could be found on the screens of those who frequently consult the Internet. There, in the U.S. Department of State address, under the title "International Report on Strategies to Control Narcotics," the chapter that discusses Canada, Mexico, and Central America gives some figures regarding the work to fight drug trafficking and the design of policies in that regard. The chapter on Mexico of this document, dated March 1996, states that drug traffickers have used their vast wealth to corrupt police and judicial officials, even certain political sectors. Although it gives no details, it affirms that the disclosures on the matter come from Mexican investigations.

Afterward, it says the Mexican Government made efforts in 1995 to strengthen bilateral cooperation and to uproot official corruption, but added that "endemic" corruption, however, continues to undermine the political initiatives and operations to fight drugs.

Afterward, it affirms that last November's visit to Mexico by U.S. Secretary of Defense William Perry was the result of a series of bilateral discussions to support civilian authorities in certain areas and affirms that National Defense Secretary Enrique Cervantes adopted stiff measures against corruption, especially regarding the unit chiefs in drug control missions.

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One of these measures, the document states, consists of rotating the unit chiefs along the border to thwart relations between the Army and the drug traffickers. It affirms, however, that although Mexico since 1993 declined direct assistance in this country to fight drug trafficking, the economic crisis, fused with the perception that drugs are infiltrating national security, compelled Mexico to accept some technical assistance to boost programs, such as Operation Hawk, known in the United States as "Northern Border Response Force."

Although the document does not fully describe Operation Hawk, it notes that it is primarily aimed at airplanes used to smuggle drugs but adds that efforts continue to be made to extend it to land and sea.

The report contains other figures on the joint work, but it mainly discusses corruption in the PJF, which seems to suggest that military assistance is necessary in the effort to fight drug trafficking.

The idea was conceived by current drug czar Barry McCaffrey, who among his victories includes having convinced Peruvian President Alberto Fujimori to involve the Army in narcotics operations, something which in passing helped that president fight the advance of his country's guerrillas.

McCaffrey, head of the United States' antidrug policy, is convinced the military should be involved in the struggle against drugs. The Mexican Constitution establishes that no military authority in times of peace can exercise duties beyond those that are strictly connected with military discipline, and it confines their duties to fixed and permanent military commands in fortifications, fortresses, and warehouses that depend strictly on the government, or in camps, headquarters, or storehouses established to station troops outside towns.

This is why the people were surprised to see men in green uniforms on the streets of Mexico City and Tijuana. Furthermore, actions as apparently insignificant as last weekend's should not be used to malign the reputation of the Mexican military, and we cannot get used to living in a city full of soldiers, even if McCaffrey thinks otherwise.

Mexico: Report on U.S. Migration Policies Drafted

PA0903232796 Mexico City LA JORNADA in Spanish 7 Mar 96 p 24

[Report by Triunfo Elizalde]

[FBIS Translated Excerpt] The second report on the human rights violations of Mexican migrant workers (as they go into the United States) drafted by the National Human Rights Commission (CNDH) has concluded that the U.S. migration policies against illegal and some legal aliens of Mexican origin "seem to play a significant role in the political courses of the Republican and Democratic Parties," which use them to obtain benefits from or become popular among voters.

The recent anti-immigrant measures "are full of anti-Mexican sentiments and attempt to convince the electorate that the country's unemployment, budget imbalances, crime, and epidemic diseases stem from or are the result of legal and illegal aliens, particularly of Mexican origin, thus making the immigrants the scapegoats of processes of which "they too are victims." [quotation marks as published]

Speaking of victims, it has been documented that the rate of Mexican homicides in the hands of the INS and U.S. customs agents did not fall in the periods of 1989-1990, January-April 1991, 1991-1993, and January-March 1994, which correspond to the two previous reports. In these periods, 16 Mexicans were murdered in various places in the northern neighboring nation.

The CNDH, in light of this finding, "duly respecting the sovereignty of each nation," according to what Jorge Madrazo Cuellar [CNDH president] has said, has explained in the chapter entitled Considerations the advisability of training INS and customs agents "in an effort to coach them in new arrest and disarmament techniques that do not include physical and psychological mistreatment, let alone the use of torture or methods that cause death." Issues regarding Mexican culture and history and "the protection work of Mexican consulates in the Unites States" should be included in these training courses.

As it is an issue deeply involving Mexicans in general, the CNDH included in the annexes of the aforementioned report a list of the deaths of Mexicans at U.S. institutions. The Mexican Foreign Relations and Government Secretariats and the American Friends Service Committee have reported these homicides between May 1991 and April 1994. [passage omitted]

In this regard, it is being said that the Northern Border Report has concluded that "although on certain occasions there are extenuating circumstances in the U.S. agents' involvement because the worker's murder stems from his own behavior, it is also true that there is evidence that the corresponding authorities act in bad faith and with excessive discretion as they make the arrests, resulting in really regrettable incidents" due to the loss of lives.

The following have also been reported: 89 injuries, 108 abuses by authorities through physical mistreatment, 54 abuses by authorities through intimidation and treats, 15

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cases of sexual abuse or rape, 20 illegal arrests, and the confiscation or revocation of immigration documents.

Mexico: Tariffs Imposed on Imports From U.S., PRC

PA1103005396 Mexico City LA JORNADA in Spanish 6 Mar 96 p 54

[Report by Patricia Munoz Rios]

[FBIS Translated Text] In an attempt to counter imports entering the country via unfair practices or dumping and harming domestic industry, the Mexican Government this year will impose tariff "penalties" on 17 import items coming from the United States and 19 from China, including all garments, organic chemicals, and shoes manufactured in that country.

The following will also be subject to penalties: Imports of pork products, as well as tiles and paving stones from Brazil, kitchenware from Taiwan, light cloth from Hong Kong, corrugated iron from Venezuela, beef from all the European countries, and hot rolled metal sheets from the Russian Federation.

The list of products and percentages of the sanctions to be imposed by the Mexican Government has 64 pages and is the official report of the Secretariat of Commerce and Industrial Development (Secofi).

This document states that the Foreign Trade Commission has approved the identification of tariff groups to "classify," in keeping with the General Import Law, those goods that will be subject to provisional or permanent compensatory tariffs.

According to this agreement, Mexico "will penalize" with compensatory taxes the imports of such U.S. products as hydrogen peroxide, hydrogen-orthophosphate of diammonia, crystalline polystyrene, vinyl polychloride, corrugated pipes of casing regenerated cellulose, vinyl flooring in rolls, acrylic fiber, hot rolled metal sheets, steel sheeting in rolls, metal sheets, cold rolled metal sheets, coated flat steel plates, corrugated iron, seamless steel pipes, links to connect phone cables, and hypodermic syringes.

Regarding the Chinese products, compensatory tariffs and other penalties will be imposed on acidic fluorite, organic chemicals, in 639 tariff groups, as well as dental floss, candles for oil lamps and ceremonial candles, and bicycle tires and inner tubes.

In addition, the following Chinese imports will be subject to sanctions: Threads and fabrics made of 389 types of synthetic and artificial fibers, 417 different types of garments, shoes, 51 styles, china and spare pieces, scraped connections made of malleable iron, kitchenware, pencil sharpeners, brass padlocks, locks, iron and steel pipes, electric equipment and material and their parts, and 20 different types of toys.

Virtually all the countries with which Mexico maintains commercial relations will be paying some compensatory tariffs to Mexico this year. For instance, sanctions of almost 45.7 percent will be imposed on beef imports coming from any European country.

Pork products imported from Denmark will pay a provisional tariff ranging from 21 to 23 percent. Sulfuric acid from Japan will pay an additional 16.67 percent, and varying percentages will be imposed on sorbitol from France, urea from Ukraine, modified starch from the Netherlands, and bicycle tires from India.

Mexico: Article Criticizes Results of NAFTA

PA1103195896 Mexico City REFORMA in Spanish 8 Mar 96

[From the "Financial Opinion" column by Alberto Barranco Chavarria: "NAFTA Under Cross Fire" — received via Internet]

[FBIS Translated Text] In a pathetic effort to counter the political attack that the free trade agreement with the United States is being subjected to, amid our country's economic catastrophe, the government is orchestrating a campaign to prove, or perhaps convince itself, of the usefulness of the agreement, under which the country's economic policies oscillated during the past six years.

For example, suddenly confronted with a violent and virulent address by Republican presidential hopeful Pat Buchanan, demanding its sudden death, the results of a pro-NAFTA poll are being unveiled. This poll was carried out by Harris Bark, U.S. subsidiary of the Bank of Montreal — a brand new partner, by the way, of Bancomer.

According to the paltry sampling — merely 250 participants from the agreement's three member countries, 150 business executives from the country of the stars and stripes, 50 from Mexico, and a similar number from Canada participated — although there is no feeling of well-being, neither is there any disillusionment two years after the trade agreement went into effect. However, the majority of companies polled demanded more time to undertake a fairer assessment.

The most spectacular piece of information is that, as part of the magic of NAFTA, Mexican companies taking part in the agreement increased their sales by 76 percent, while Canadians increased by 50 percent, and U.S. firms by 52.7 percent. But barely 44 percent refer to positive concrete effects or opportunities, for example, to attract

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foreign investment, in contrast to 10 percent that express negative effects. Nothing more.

Parallel to this, the trade secretariat, which is headed by Herminio Blanco, who was chief of the negotiating team for the bilateral treaty, is forwarding information to the media the title of which says it all: "Record of accomplishments within the framework of NAFTA." The problem is that there are not as many accomplishments as one would wish.

In addition, the problem is that in some cases the reality does not yet match the promises. Therefore, one would have to await the completion and start of operations of the Cargill de Mexico's soybean seed processing plant in Tula, Hidalgo State, a project that began 19 January, to learn if there is reason or not for the bells to peal. However commendable the contract obtained by Anchor Glass Container Corporation and Vitro Envases to supply bottles to the Bacardi Plants in three countries, one would have to wait five years to know if, indeed, sales for $350 million were generated.

The fact is that if one wanted to write negative stories one would have a lot more material to work with. To cite an example, you have the boycott on Mexican tomatoes by the Florida growers; and you have the painful case in which the border was closed to our truck drivers allegedly because, to make a long story short, the drivers do not speak English, nor do they take a shower, comb their hair, clip their nails, clean their shoes, or wash their vehicles. The paradox is that after feigning they were finally getting into the ring to defend basic rights, our authorities — that is, Foreign Secretary Jose Angel Gurria Trevino, and Communications and Transportation Secretary Carlos Ruiz Sacristan — shrank in the face of the rival's size; and everything indicates that the stars and stripes country will unilaterally declare a truce until the electoral process ends, only to later climb on the same steed.

Meanwhile, given that Canada complied on time and with actions to open its border, its vehicles do have the right to enter our territory without any possibility of reciprocity, unless our trucks find a way to reach the maple leaf nation without crossing the United States. The most absurd thing about the case is that 90 percent of the Canadian trucking companies have U.S. backing. And while the powerful teamsters union beyond the Rio Grande is waging a dastardly campaign against our country, it crosses our border unencumbered under the protection of open borders, also without reciprocity, that Mexico's patriotic negotiating team granted on courier service (mensajeria), without differentiating it from cargo.

The thing is, in the opinion of Secofi [Commerce and Industrial Development Secretariat] NAFTA has achieved the miracle of raising bilateral trade between Mexico and the United States by 13 percent from January to November, taking it to an overall figure of $109.874 billion, whereas exchange with Canada grew by 11.2 percent, or 3.080 billion dollars, during the same period.

The problem with regard to the prickly pragmatism of the neighboring country is that the balance is overwhelmingly in favor of Mexico. If in 1994, the year in which NAFTA began, there was a colossal surplus for the United States, last year, due to the crisis and with our country's economic crisis, the tables were turned, and the trade deficit totaled $15.4 billion in the face of a negative overall balance of trade that reached the highest level in the past seven years: $100.2 billion. In fact, U.S. Commerce Secretary Ron Brown has just described last year as "the year of the major shift in commerce."

So shocking is the figure that it would not be daring to affirm that no matter who wins the elections in the neighboring country, even if fascist Pat Buchanan is fortunately ruled out, there will be strong pressure to look at NAFTA with a magnifying glass.

For the time being, in addition to reliving the experience of Nuevo Laredo's Sony Plant, where management went nastily about crushing the wish of the working grass roots to join a union other than the CTM [Confederation of Mexican Workers], with the apparent satisfaction (complicity they say beyond the Rio Grande) of Mexican labor authorities, a reckoning of all of Mexico's alleged wrongdoing within the NAFTA framework is being made.

According to the study: "NAFTA: Promises and Realities," conducted by Peter Cooper and Lori Wallach, and sponsored by groups opposed to the trade agreement, disappointment is the sign that reflects NAFTA's 26 months.

According to the study, there are 57 U.S. enterprises still awaiting the fulfillment of promises from the negotiation stage of the agreement. More serious yet, is that there are another 59 that flatly consider the promises broken, while there are another 15 that notice no difference at all with NAFTA, for better or for worse.

Specifically, for example, the Fresno California Tomato Producers Association had been promised by NAFTA that exports to Mexico would increase between 10,000 to 17,000 tons in 1995. At the end of 1995, exports to Mexico had dropped 90 percent compared to the previous year. The Sara Lee pie and manufactured products firm had been told that they would have

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an explosive growth in Mexico because of its 83 million consumers. The result was that the company dismantled some of its U.S. plants to come to our country, needlessly, or nearly so. Lastly, I say this so as to not run out of space, exporting firm Kentucky World had been offered increased sales to Mexico during the first 5 years, which would mean an increase of 5,000 jobs to its payroll.

The fact is that nothing has happened.

The question is whether NAFTA will be strong enough to resist, or whether the Commerce Secretariat will have evidence to prove there are two sides to the story.

General Balance

Kimberly Clark Finance Director Sergio Paliza restated his theory that the enterprises' true enemy in the globalized market in which Mexico finds itself, is real competition, a competition from abroad, not within the domestic market. In other words everyone except Kimberly Clark and the San Cristobal paper mill are dead. Kimberly Clark announced it had resigned itself to the conditions imposed by the Federal Competition Commission [CFC] for its merger with Scott Paper. The plants that the CFC demands be sold will be sold, trademarks will be sacrificed, the production capacity for tissue paper will be reduced, and they will process [maquilara] for the competition as ordered.

Although pleased with the decision to establish conditions on the merger of the country's first and second largest paper factories, Procter and Gamble asked the CFC to guarantee that tissue paper plants as well as feminine sanitary napkins plants, be sold as a package, to guarantee an open competition. Likewise, it is requested that none of the producers interested in the purchase of the plants be excluded, in order that they be assigned "on a basis that is fair, open, and free of mistakes."

Hector Larios Santillan, president of the Business Coordinating Council [CCE], opted for a promotion to fill the vacancy left by Oscar Vera in the directorate of the Center for Private Sector Economic Studies. The replacement will be Raymundo Winkler, who for the past five years had been the organization's efficient director of Macroeconomic Investigation and Analysis.

Thank God.

According to the monthly price poll by Consultores Internacionales, whose president is Julio Alfonso Millan, the February inflation rate in Mexico City and the metropolitan areas was 2.5 percent, thus the overall rate for the first two months reached 6.4 percent, nearly a third of what the Finance Secretariat expected for the entire year.

The most noticeable increases took place with vitamins at 22.2 percent, plantains 20 percent, evaporated milk 17.8 percent, carrots 16.3 percent, clinical tests 15.4 percent, fresh fish 14.3 percent, additi[illegible]14 percent, avocado pears 12.5 percent, chicken egg[illegible].8 percent, air fares 11.7 percent, wooden furniture 1[illegible].7 percent, condensed milk 10.5 percent, bicycles 10.1 percent, and wheat flour 10 percent. On the other hand, the price of a kilo of papaya dropped 6.3 percent, fresh and canned tomatoes 6 percent, and green and dried chiles 5.3 percent.

The family expenditure affected the most, according to the Index of Metropolitan Prices, is rates and charges, with an accumulated rate for two months of 17.8 percent! It is followed by food at 8.6 percent and health at 7.5 percent. According to the Bank of Mexico, the average increase in prices for the same period was 2.33 percent.

An embrace of solidarity to Antonio Sanchez Diaz de Rivera, former president of Coparmex [Employers Confederation of the Mexican Republic] and an active soldier for democracy in this country, due to the death of his father, Francisco Sanchez Rodriguez.

May he rest in peace.

Mexico: Zedillo Says 'Lawful Country' To Be Forged

PA1103232096 Mexico City XEW Television Network in Spanish 0400 GMT 9 Mar 96

[From the "24 Hours" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] While meeting with leaders of the Employers Confederation of the Mexican Republic [Coparmex] on 8 March, President Ernesto Zedillo said Mexico's economic recovery is likely. He called on political parties to reach a consensus on state reform.

[Unidentified reporter] President Zedillo on 8 March closed the regular Coparmex national assembly and announced a package of constitutional reforms to combat organized crime. He said an authentic, lawful country will be forged in Mexico. Zedillo said we want laws that would focus more on victims than on criminals:

[Zedillo] "Society's indignation over laws not being able to work and over the leniency with which laws are enforced is completely justified. Social frustration triggered by laws that seem to be designed to cover up crime and to encourage repeat offenders rather than to protect and compensate victims is completely justified. Social uneasiness over the fact that many of the worst attacks on the state of law are due to penal impunity

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is wholly justified. In order to forge a lawful country, we must update our legal framework and strengthen our institutions."

[Reporter] President Zedillo said the bills drafted to fight money laundering that will allow us to devise new, tangible procedures for the Attorney General's Office and the Federal District Attorney General's Office are already at Congress. He affirmed that the lack of appropriate legal provisions hinder the efficient works of the Attorney General's Office and the full respect for human rights:

[Zedillo] "This is why I have made the decision to forward to the Honorable Congress within the next few days a constitutional reform bill and its respective regulatory law to fight organized crime."

[Reporter] He also said this law will further punish those who commit organized crimes and will prevent them from availing themselves of benefits:

[Zedillo] "For instance, as we punish theft, we must also take into account the risk on the victim's personal safety, the degree of violence, and the weapons used in addition to the amount stolen. The fact that known criminals are released for technicalities stemming from wrongful norms is especially indignant and offends society. When a criminal commits several crimes, we will propose that the judge punish him for each one of the crimes he has committed, thus preventing him from benefiting from the current crime accumulation guidelines."

[Reporter] As for car theft, the Mexican chief of state stressed that the perpetrator of the illicit heist and those who disassemble, take possession of, or traffic in vehicles will be punished equally.

As for kidnappings, Zedillo said the norms to rigorously combat and to punish those who commit this serious crime will be strengthened.

Zedillo's wife, Nilda Patricia, and Coparmex President Carlos Abascal and his wife accompanied Zedillo.

Mexico: Commerce Secretariat on New Industrial Policy

PA0903020796 Mexico City EL FINANCIERO in Spanish 7 Mar 96 p 25

[Report by Leticia Rodriguez and Lourdes Gonzalez]

[FBIS Translated Text] The three main strategies of the new industrial policy are: To stimulate the consolidation of the local market, the effective substitution of imports and the profitability of exports, and to promote the integration of highly competitive industrial groups with the important participation of mini-, small-, and medium-sized enterprises.

According to the Industrial and Foreign Trade Program for 1995-2000, outlined in eight lines of action, of Secofi [Commerce and Industrial Development Secretariat], long-term investment will be stimulated through a truly competitive exchange rate, stability in true interest rates, greater availability of financing at internationally competitive prices, the development of local savings, and the expansion of credits to smaller enterprises.

Among the leading actions of the macroeconomic and financing policy are fiscal balance and healthy public finances, financing and fiscal policy instruments with a view to increasing savings and investment, and preventing the overvaluation of currency and exchange rate on a medium-term basis.

According to the nearly 50-page document, an institutional and legal framework will be provided to encourage juridical safety and expeditious settling of controversies and to give impetus to the competitiveness and efficiency of the enterprises.

In addition, to strengthen the infrastructure, the document says competitiveness will be supported through public expenditures in education and infrastructure, and the private sector's participation in areas such as railroads, airports, telecommunications, highways, and storage, distribution, and transport of natural gas will be encouraged.

Regarding the deregulation policy, Secofi says bureaucratic procedures, as well as federal, state, and municipal requirements will be eliminated so enterprises, particularly the smaller ones, can operate more efficiently.

Toward this purpose, the regulations for the enterprises' activities will be simplified by the Economic Deregulation Council. Coordination agreements will be established between Secofi and the states, and the impact of new federal regulations will be assessed.

The foreign trade policy includes 10 points, including the development of new markets, greater availability of competitive financing, a program for the development of local providers and subcontractors, especially in the assembly industry, and encouragement of strategic alliances for export.

Regarding imports, it has been planned to combat unfair international trade practices and to strengthen the Foreign Trade Committee to meet the demands of the productive sector.

Regarding the creation of productive chains, the industrial policy program, which will be announced in a few days, includes seven subprograms, including subcontracting, government purchases, and the development of local suppliers.

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The country's business sector has stated that it is urgent to announce and to implement the industrial policy plan, because the production plant sector is virtually at a level of just surviving, and long-term actions are required.

Victor Manuel Diaz Romero, president of the Confederation of Industrial Associations (Concamin), has said that there is 90 percent coincidence in Secofi's proposals but that it remains to be determined how the programs will be implemented.

Regarding taxes, the industrial sector has requested to exempt from taxes the reinvestment of profits with a program of from five to 10 years and to lift all taxes from new industries during their first year of operation.

Concamin's main proposals deal with deregulation, fiscal and financing policy, technological support, impetus for exports, and regional and infrastructure development.

In addition, the leader of the industrialists has demanded an overwhelming action to solve the security problem.

Mexico: Government, Bankers Sign Agreement To Aid Economy

PA1103010496 Mexico City XEW Television Network in Spanish 0400 GMT 9 Mar 96

[From the "24 Hours" newscast]

[FBIS Translated Text] As a witness of honor on 8 March, Finance Secretary Guillermo Ortiz signed the agreement on joint assistance between the Mexican Association of Bankers [ABM] and the National Finance Bank [Nafin] to support mini- and small-sized enterprises.

In front of the signers of the agreement, Gilberto Borja Navarrete, Nafin general director, and Jose Madariaga Lomelin, president of the Mexican Association of Bankers, Ortiz said support is given to the reactivation of the economy, employment, and the national production plant sector with this agreement worth 26.641 billion pesos. He said that added to the previous amount, there are 5 billion pesos of share contributions and 6 billion pesos as a guarantee:

[Begin Ortiz recording, in progress] ...a scheme for financing and, especially, resources that will allow a noticeable difference to be felt over the next few months for financing for mini-, small-, and medium-sized enterprises. [end recording]

The support schemes contained in the agreement include the channeling of resources to the following programs: 1) The Single Modernization Financial Program; 2) global lines of foreign trade; 3) guarantees in which Nafin allows access to financing to enterprises contributing to technological development and the improvement of the environment; and 4) share contributions.

Mexico: Coparmex Demands Economic Results From Government

PA1103012296 Mexico City REFORMA in Spanish 8 Mar 96

[Report by Mariel Zuniga — received via Internet]

[FBIS Translated Text] Carlos Abascal Carranza, president of the Employers Confederation of the Mexican Republic [Coparmex], has demanded immediate economic and political results from the government so as to avoid social upheaval.

During an interview at the 68th assembly of that organization, which reelected him as leader for one more year, Abascal has said economic reactivation, the financial recovery of enterprises, and even the execution of government expenditures have been delayed "because of the ineptitude of white- collar officials."

Abascal has said the government of Ernesto Zedillo must carry out significant political and economic transformations although, Abascal has admitted, the administration in the remaining five years of Zedillo's six-year term will only be able to set the basis for these transformations

Abascal has asked that the administration of retirement funds, an integral fiscal reform, and a state reform be initiated in 1997.

He said: "The state reform, a social policy aimed at those who have the least, the social security reforms that must be completed, and a fiscal reform that should promote investments and savings are some of the fronts where real progress must be made.

"There are results in certain cases but not in others. We will go straight to the point this Friday when President Zedillo appears before the assembly to close it."

Abascal has said the two priorities to be resolved are economic reactivation and security.

Abascal has said that contrary to what Government Secretary Emilio Chuayfett has said, the security aspect must be looked after together with the economy.

Regarding salary increases, Abascal has said the private sector has made no offer to increase salaries an additional 3 percent, as the Confederation of Mexican Workers has stated.

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Mexico: Presidential Polls Say Zedillo's Image Improving

PA1103155296 Mexico City LA JORNADA in Spanish 8 Mar 96

[Report by Emilio Zebadua]

[FBIS Translated Text] In relative terms, President Ernesto Zedillo is going through a good moment. His improved position is not a result of his work so much as it is the result of a series of circumstances that favor him. The days when the president's resignation was drafted in Los Pinos were left behind, and so are the times when Institutional Revolutionary Party [PRI] leaders speculated about the stock market's next collapse. It looks like the worst moments are over for Zedillo.

The polls that the Office of the Presidency periodically conducts to measure the degree of acceptance (or rejection) Ernesto Zedillo generates among the people, show the people are divided on his performance as chief of state. This is nothing the president can brag about but it is a significant improvement compared to last year's situation. The recovery of the main macroeconomic variables contributes to the strengthening of Zedillo at the head of the government: The GDP's continuous dive is beginning to recede.

More favorable subjective elements and economic conditions (relatively speaking), help boost President Zedillo's self-confidence. This has led him to leave Los Pinos more often and to try to dictate conditions to other national political forces. This new stance derives from predictions for the rest of this year, which poses no strategic electoral challenge or financial pressure. The year 1996 seems suitable for the recovery of presidential power.

For this to happen, however, Zedillo must have, as president of the country, his own strategy for political reforms and for Mexico's economic modernization. Since he has neither strategy, power has been exercised through belated, partial, and unclear measures that have delayed an effective resolution of the country's political, social, and economic problems. Instead of basing his work on a master plan or a government strategy, President Zedillo prefers to entangle potential solutions in a maze of laws, deadlines, red tape, and steps.

The continuous references Zedillo likes to make to the state of law allows him to face the crises that periodically break out but are not an honest and lasting commitment to any of the proposed alternatives competing nowadays to define the democratic transition. The President has opportunistically resorted to whatever party, group or faction gives him, at a given moment, the necessary force to secure a specific objective. Throughout his mandate he has successively utilized the opposition parties, the Office of the Attorney General of the Republic, PRI deputies, the Army, and, more recently, the PRI, to promote his own interests.

Looking at it this way, President Zedillo's inconsistencies have a predictable pattern. The settings have determined the circumstantial alliances the president has sought and made during the months that have elapsed in his six-year period. This explains the transitory delight of Roque Villanueva, who once believed that the entire regime depended on his vote; and the flagrant anger of National Action Party leaders who prematurely celebrated their arrival to power. Naturally, the logic behind President Zedillo's actions prevents a concerted transition, with deadlines and definite plans, from happening.

Instead, it is clear that the president has different interests at every situation and this modifies negotiations. At this moment President Zedillo believes everything favors him and is betting on a static alliance with PRI, the Mexican Army, and the U.S. Treasury. But this alliance is functioning because the government plans to keep things as they are now, without trying to reform, improve, or change any of the power, corruption, and injustice structures that prevail in the country. The people have responded by giving President Zedillo a 5.7 mark on performance.

Mexico: Government, Zapatist Delegations Conclude Talks

PA1203121696 Mexico City NOTIMEX in Spanish 2145 GMT 11 Mar 96

[FBIS Translated Text] San Andres Larrainzar (Mexico), 11 Mar (NOTIMEX) — The delegations of the government and the Zapatist armed group today concluded their talks, agreeing on two of the three issues that were included in their working agenda.

A source from the National Mediation Commission (Conai), which Bishop Samuel Ruiz heads, announced that the issues agreed on referred to the breaking down of the issues into subtopics and the rules of Table II, which is called Democracy and Justice.

The talks between the delegations of the government and the self-styled Zapatist National Liberation Army (EZLN) ended today after seven days of negotiations in San Andres Larrainzar, in the southeastern state of Chiapas.

Conai adviser Gonzalo Ituarte also said the appointment of the Peace Agreements Verification and Follow-Up Commission will be discussed during the next meeting slated for 20 March in this community.

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During the hiatus, the Harmony and Peace Commission (Cocopa) and Conai will draft a rapprochement document to resolve the differences over the appointment of the Verification Commission prevailing between the two delegations.

Mexico: Governor on Huejotzingo Incidents With PAN Members

PA1203020196 Mexico City XEW Television Network in Spanish 0400 GMT 9 Mar 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Puebla Governor Manuel Bartlett Diaz on 8 March talked about the Huejotzingo incidents.

[Unidentified reporter] Following the incidents that took place on 7 March in Puebla, where the police dislodged [cargaron] members of the National Action Party [PAN] led by Ana Teresa Aranda de Orea, PAN state president, in Huejotzingo, Aranda said from the doors of the Government Palace that they will go to the National Human Rights Commission to report on these violent actions and that tear gas grenades were not launched during the action.

Meanwhile, Governor Bartlett said the government will not heed the PAN's provocations, which he called a performance:

[Begin Bartlett recording] What happened yesterday involved not only the public forces; it also involved certain special interest groups who dislodged the people, because if.... [pauses] This office is a government office, a public office. If they close the doors, if they do not let anyone out.... [pauses] People were dislodged. [end recording]

Aranda said the PAN will continue to stage various civil resistance demonstrations until Congress decides to hold special elections in the municipality of Huejotzingo, Puebla.

Mexico: EZLN Accuses Government of Deceiving Delegation

PA1103023596 Mexico City LA JORNADA in Spanish 8 Mar 96

[Report by Jose Gil Olmos and Elio Henriquez — received via Internet]

[FBIS Translated Text] San Andres Larrainzar, Chiapas, 7 Mar — The Zapatist National Liberation Army (EZLN) has accused the federal government of "deceiving" its delegation by refusing its participation in the talks on reforming the state "under the argument that this issue only concerns the political parties."

The clashes between the groups have increased the level of tension at the negotiations table, a situation which became evident the first day the dialogue was resumed. Nevertheless, the rebel group has voiced its "firm" determination to continue the dialogue and the negotiation. In this regard, it has stated: "Our path has already been outlined. We will discuss the democratic transformation of Mexico and Chiapas State."

Meanwhile, Commander Tacho has said the negotiations to establish the Follow-Up and Verification Commission and the breakdown of the subtopics during the second talks on democracy and justice were at a "standstill" because of the government's attitude.

He warned sternly that the federal government has resumed the attitude it displayed from April to July 1995, when, at the beginning of the dialogue, the parties were about to suspend the negotiations.

During the second dialogue, in which the EZLN has proposed subtopics on the reform of the state, the government delegation has stated, that it only wants to discuss local issues, the reason why the federal government has resorted to this "deception," Tacho has said, adding that the government also has warned that this topic only "concerns the political parties." Commander Tacho also has insinuated that the federal government had threatened not to bring any guest or adviser to the meetings so the final result would be a "unilateral statement" by the armed group, which would be included in the final documents of the talks.

Hours after the government delegation left the site of the dialogue in San Andres, the Zapatist delegation reiterated in a communique its request to participate in the discussion on the reform of the state, because the causes for its armed uprising have stemmed from the need to implement political, economic, social, and cultural changes at the federal level.

In its communique, read by Commander Domingo, the EZLN delegation has stated that it has found "serious difficulties in the language and manner in which the government delegation wants to approach the dialogue and the talks on democracy and justice."

The EZLN has expressed its confidence the government will change its attitude, because "only a deaf person can ignore the current social and generalized urgency in the country to implement the reform of the state, and only a blind person can ignore the millions of hands that have been raised in recent years to demand democracy, justice, and liberty, because this is the path to a just and dignified peace."

The EZLN has stated that it will continue to evaluate the options for dialogue that will enable the involved parties

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to achieve a peace with justice and dignity. The EZLN has stated: "Our path has already been outlined, and we are going to discuss the democratic transformation of Mexico and the state of Chiapas with an idea of democracy that cannot be reduced to the electoral aspect and the parties. We are going to discuss what the doors are we must open to achieve true justice for all."

Throughout the day, the subcomission tasked with coordinating documents worked on a document to try to bring closer the positions regarding integration of the Follow-Up and Verification Commission, while efforts were undertaken to make progress regarding the Justice and Democracy talks.

The government delegation left the site in the evening, and the EZLN delegation disclosed the current situation of the negotiations after three hours of internal meetings.

Commander Tacho has said that the government today had given an answer for the exclusion of the topic of democracy and justice, arguing that it was not willing to discuss the reform of the state at the San Andres negotiations. The government did state, however, that "it cannot prevent the EZLN from making a statement on the reform of the state."

Tacho added that with this position, the government "is deceiving the Zapatist delegation and is reducing the agenda as much as possible to prevent the topics from being discussed in the San Andres negotiations."

He also has rejected the government's argument that the outcome of the second round of talks would only be a "unilateral statement," as it would no longer be part of the dialogue in which two parts are participating. Tacho has said "by no means would we allow this to happen. He has said the EZLN proposal suggesting eight work groups and 51 sections on the reform of the state and justice—it has already invited approximately 300 people—would be reduced by the government to three subtopics: Social democracy and civic participation, justice and civic coexistence, and lawfulness and human rights.

"We believe that what they are proposing does not include the causes for which we rose up in arms," Tacho has said, clarifying that the official proposal is not what our people, the indigenous peoples of Mexico and Chiapas, need either.

Meanwhile, the group of advisers also has complained that the request made by the Attorney General's Office yesterday to the judge of Tuxtla Gutierrez to issue a 40-year prison sentence against Javier Elorriaga and Entzin Gomez "constitutes a serious provocation that casts doubts on the dialogue process" under way in San Andres Larrainzar.

In a communique read in front of the Zapatist delegation, the advisers stated that as has occurred throughout the dialogue, "the government has responded to the talks with acts contrary to the lessening of tension and peace just as the two delegations are gathered."

Mexico: 'Radical' Opposition Members Seek Regime Change

PA1003010096 Mexico City EL FINANCIERO in Spanish 5 Mar 96 p 40

[Report by Francisco Gomez Maza]

[FBIS Translated Text] Although it is not viable at the moment, the option of a political transition with an interruption in power might gain momentum insofar as the crisis worsens and the moderate opposition groups lose strength, according to analysts of the Employers Confederation of the Mexican Republic (Coparmex).

The option of a transition with an interruption in power is championed by "radical" members of the opposition: The EZLN [Zapatist National Liberation Front], PRD [Party of the Democratic Revolution] "extremists," the former Single Union of Route 100 Urban Passenger Bus Workers, the PRD's El Barzon Movement, the Tepozteca Unity Committee, nonpartisan leftist groups, certain NGO's [nongovernment organizations], Civic Alliance activists, and followers of the liberation theology, Coparmex has stated.

These radical groups seek a change in regime but reject a negotiated reform. They exclude the PRI [Institutional Revolutionary Party] and PAN [National Action Party], and, in their strategy, they consider the regime's downfall through increasing mobilizations and possible acts of violence.

According to Coparmex, the radicals' bet would gain importance if certain politicians who feel resentment toward the system decide to support or use this opposition bloc.

Coparmex political analysts identify at least five scenario-plans for the political transition. In addition to the transition with an interruption in power, they include the center-left transition, the reinstatement of the regime, the negotiated transition, and the transition through electoral pressure.

According to Coparmex, the center-left transition, through a coalition, is supported by various personalities and groups, and it could include Manuel Camacho Solis, Porfirio Munoz Ledo, Vicente Fox, San Angel Group intellectuals, NGO's Civic Alliance factions, and PRI, PRD, and PAN dissidents, who might even comprise an alliance with those who endorse an interruption in power.

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According to Comparmex, the center-left's proposals coincide with those of the majority opposition. They believe the presidential, authoritarian, state party system is the problem.

Economically speaking, the proposal of an option identified by Coparmex as center-left goes for partial acceptance of a market economy but also considers the state's intervention.

Coparmex has stated that the center-left's political-economic model would resemble the case of the Spanish Socialist Workers Party (PSOE).

Nevertheless, Coparmex establishes the following conditions for this option to be viable: The government offer for a negotiated transition would have to fail; the current government would be overcome by PRI hard-line traditionalists, at the expense of having a superficial political reform; the PAN opposition would no longer be an option (betting that it would be unable to win control of Congress in 1997), because the government would not allow an alternative; and a broad opposition front would rise for 2000.

The third scenario visualized by Coparmex is the reinstatement of the regime.

Coparmex analysts quote opposition critics, academicians, and facts on the situation and say part of the system would exert pressure so President Zedillo opts for a new liberalization rather than a transition to democracy, adding that this opening would allow partial opportunities in the electoral sector.

Nevertheless, Coparmex asserts, those who intend to reinstate the regime endanger political stability, because many people are truly betting on a political transition and would be unwilling to accept cosmetic reforms.

The fourth option enumerated by Coparmex is the negotiated transition, which is understood as a peaceful, concerted process championed by moderate government and opposition members, to carry out reforms that allow democratic normalcy and a rotation in government. In theory, this would be Zedillo's offer for political change, and it will be viable insofar as goals, such as a definite electoral reform that includes substantial changes such as the people's participation in the processes, are achieved.

The option of a transition through electoral pressure, according to Coparmex, seems to be the PAN's proposal and is supported by converging intermediate organizations, an increasing number of voters from middle, young, and urban groups, international groups such as Christian Democracy and U.S. politicians, and even by pragmatic politicians of the system who seek to give the PRI characteristics to the PAN.

All in all, according to Coparmex, these are the main obstacles that would render this scenario unviable: That the regime achieve some recovery through the PRI, keep control of Congress in 1997, postpone the elections, divide the PAN, and thus win some time before 2000.

Mexico: Roundup of Economic Developments Through 11 Mar

PA1103172196

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 11 March.

The Mexican coffee sector will have access to a credit fund of 640 million pesos during the 1996-1997 annual cycle. The fund's policy will be to provide financing for the most productive coffee growers with plantations of up to 10 hectares. (Mexico City EL FINANCIERO in Spanish 4 Mar 96 p 35)

In 1995, Mexico's leading car assembly plants sold $15 billion worth of vehicles and engines. Carlos Lobo, president of Chrysler Mexico said his company sold $3.9 billion worth of products of which $2.9 billion were exports. The goal for 1996 will be to increase that figure by 10 percent, the company said. General Motors Mexico sold products for $3.3 billion during the same period, according to its president Gary L. Cowger. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 4 Mar 96 p 21A)

The price of refreshments went up today, 4 March, between 15 and 28 percent, depending on the brand. This is the third such increase since December 1995, according to the National Association of Refreshment and Carbonated Water Producers. Beer prices will also be increased between 20 and 25 percent, the second increase so far this year. (Mexico City LA JORNADA in Spanish 4 Mar 96 p 51)

According to the Social Development Secretariat, the drought adversely affecting Coahuila State since 1993, the worst in 40 years, has resulted in a 30-percent reduction of cattle herds, an 80-percent reduction in the state's reservoir levels, 50-percent damage to 50,000 hectares of season crops, and a worsening of the unemployment situation in the rural areas. (Mexico City LA JORNADA in Spanish 4 Mar 96 pp 68, 52)

According to the National Chamber of Commerce, consumption of goods and services dropped an average of 47.7 percent in 1995 because of the economic recession. "Dramatic levels" were reached in certain

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sectors, such as construction materials with a 95-percent drop in sales. (Mexico City LA JORNADA in Spanish 5 Mar 96 p 44)

During the first two months of 1996, the country's money supply decreased by 9.392 billion pesos (a 14.1-percent drop) due to a drop in the demand for primary money, which corresponds to a "seasonal pattern." As a result, the nominal sum of existing bills and coins in the country at the end of February was 57.417 billion pesos. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 5 Mar 96 p 3A)

Mexico had a current account deficit of $654 million in 1995, 45 times lower than in 1994, mainly because of the country's trade deficit and a reduction of spending by Mexican travelers abroad, according to the Finance and Public Credit Secretariat and as stated in a 5 March report datelined Mexico City. (Mexico City NOTIMEX in Spanish 0319 GMT 6 Mar 96)

The Bank of Mexico, Banxico, reported that the country's international reserves rose by $177 million and totaled $15.957 billion as of 29 February, according to a 5 March report datelined Mexico City. Likewise, all Treasury Bonds (Tesobonos) were paid off in February, the Banxico reported. (Mexico City NOTIMEX in Spanish 0444 GMT 6 Mar 96)

Following 11 months of negotiations with five creditor banks, the Marti Group announced on 5 March that it began taking the necessary steps to avail itself of the Stop Payment Law (Ley de Suspension the Pagos) in order to continue with the refinancing process of its debt for 180 million pesos. This is the first company quoting at the Mexican Securities Exchange that suspends its payments in the last few years. (Mexico City EL FINANCIERO in Spanish 6 Mar 96 p 17)

According to a report issued by the INEGI, mining and metal production increased 10.8 percent in 1995, compared to the previous year. Copper production increased 11 percent, lead production 9.7 percent, silver 6.9 percent and fluorite 59.6 percent. (Mexico City EL FINANCIERO in Spanish 6 Mar 96 p 22)

Budget expenses for social development projects in 1995 dropped 9.1 percent in real terms. According to statistics obtained from the Finance Secretariat, although the nominal amount assigned for social development was increased from 81.920 billion pesos to 100.538 billion, last year's inflation process reversed that increase in real terms. The report disclosed that educational expenses dropped 9.9 percent in real terms, while expenses in the health and labor sectors showed a reduction of 5.6 percent and expenses linked to solidarity programs went down 20.4 percent. (Mexico City EL FINANCIERO (ANALISIS supplement) in Spanish 6 Mar 96 p 3A)

According to a Mexico City 7 March datelined report, this year the Inter-American Development Bank, IDB, will grant Mexico credits for $1.6 billion to carry out health, agricultural, and electricity projects, among others. (Mexico City NOTIMEX in Spanish 2037 GMT 7 Mar 96)

Despite the invitation that the United States made to its trade partners to restrict commercial operations with Cuba, last year Mexico increased its exports to that island 104 percent, according to a report issued by the Secretariat of Commerce and Industrial Development. The report added that exports to Cuba during the past five years climbed from $104 million to $355 million. Imports of Cuban products last year dropped 47 percent, from $11.783 billion to 6.233 billion. Therefore, the bilateral trade balance was favorable for Mexico by $348.6 million in 1995, compared to $162 million in 1994. (Mexico City LA JORNADA in Spanish 7 Mar 96 p 48)

Guillermo Beltran, director of economic studies of the Chamber of the Manufacturing Industry in Nuevo Leon, said that as a result of the 1995 financial crisis 1,300 enterprises closed in Nuevo Leon, which resulted in the loss of 235,000 jobs. Beltran added that the industrial sector operated at an average of 57 percent of its total capacity, sales decreased 26.5 percent, and production fell 16.8 percent. (Mexico City LA JORNADA in Spanish 7 Mar 96 p 49)

Commercial banks and the National Financial Bank, Nafin, have agreed to resume the channeling of "discount" funds from the development bank's "normal credit" program for 31.922 billion pesos in 1996. This is in addition to the 5 billion pesos the institution will earmark to support a risk capitalization program to be implemented by banks. (Mexico City EL FINANCIERO in Spanish 7 Mar 96)

The Bank of Mexico announced yesterday that inflation in February increased 2.33 percent and that the average increase in prices was 6.01 percent during the first two months of the year, which is 2.01 percent lower than during the same period last year. The report added that in February, the price of the family basket increased 2.5 percent, for an accumulated increase of 7.25 percent during the first two months. Banxico's report also noted that the annual growth of the National Consumer Price Index was 48.95 percent. (Mexico City LA JORNADA in Spanish 8 Mar 96)

The Finance Secretariat has reported that physical volume of industrial production in Mexico dropped

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8.1 percent in 1995 compared to the previous year. According to the report mining production increased 0.93 percent, manufacturing and construction dropped 6.56 and 21.96 percent respectively, while electricity, gas, and water increased 3.03 percent compared to 1994. (Mexico City LA JORNADA in Spanish 8 Mar)

Mexico: Guerrero Special Investigator Faulted

96CA0125A Mexico City REFORMA in Spanish 29 Feb 96

[Commentary by Miguel Angel Granados Chapa, journalist and citizen counselor on the Federal Electoral Institute's General Council: "Aguas Blancas, Red and Befouled" — received via Internet]

[FBIS Translated Text] The prosecutor assigned to investigate the slaughter of 17 peasants has exonerated the governor of Guerrero by twisting the words of the National Commission for Human Rights (CNDH); moreover, he did not see the videotape, broadcast by commercial television, that shows unarmed people being attacked.

Even though he presented a videotape that had been doctored as proof of the legitimacy of the police assault, Governor Ruben Figueroa has emerged unscathed in the case of Aguas Blancas, where the victims were stopped "by whatever means necessary."

On 28 June of last year Aguas Blancas [white waters] ran red with the blood of 17 slain unarmed peasants and was befouled exactly eight months later when the prosecutor in charge of investigating what happened there released his findings. According to him, the police who fired at the defenseless crowd were acting on their own and, therefore, bear sole legal responsibility for a slaughter that, because it is both a judicial and a political matter, requires both kinds of penalties.

Clearly, the findings of a prosecutor and the rulings of a judge are not drafted to please the public, but rather to enforce the law. And even if they were to be drafted to the liking of the two parties, one would likely be pleased while the other would be angered. Therefore, a decision by the Office of the Public Prosecutor or a court of justice cannot be challenged just because it does not conform to the preconceptions or forecasts of the interested parties, which in the case of Aguas Blancas want to see Governor Ruben Figueroa either held accountable or absolved of responsibility. Hence, when special prosecutor Alejandro Oscar Varela Vidales did the latter, exonerating the Guerrero governor in connection with the slaughter, he could be in the right, even if his findings are not shared by a major segment of public opinion. But his ruling is open to criticism because of at least two publicly known circumstances that any individual can appreciate regardless of his fancies or fears.

The first fact is the existence of a videotape of the attack on defenseless peasants, which everyone except the special prosecutor has seen. The second is the way in which he has distorted the recommendation issued on 13 August, more than six months ago, by the National Commission for Human Rights. If the prosecutor performed his duties with the lack of scruples, to say the least, or the self-interested bias that these two facts evidence, then the public can attach no credence to his findings.

The CNDH found that the videotape which the Guerrero government submitted as proof that the police were merely repelling an attack had been doctored. It is hard to believe that an exchange of gunfire would have led to the death of 17 people on one side and none on the other. The videotape submitted by the Guerrero government shows weapons in the hands of the victims or near them. The office of the ombudsman assumed, correctly, that the video had been edited. In the wake of its technical and logic-based objections came the discovery of the original videotape, which not only shows that the peasants were unarmed and, therefore, could not have initiated the attack but also clearly reveals the awful assault on the victims. The prosecutor heard that Televisa had the unedited video and requested a copy. He received no response, not even an acknowledgment of receipt, and did not bat an eye, as if the tape were irrelevant to his inquiry. So strong was his feeling in this regard that knowing full well that the videotape was broadcast last Sunday by channel two, the consortium's most widely watched channel, on Ricardo Rocha's program, he still appeared before the state legislature on Tuesday the 27th to submit a report that was patently incomplete since it lacked references to the videotape that shows in detail what happened on 28 June in Aguas Blancas.

To make up for this shortcoming, the prosecutor offered a twisted version. Referring to the governor and his *chef de cabinet*, he described their situation disingenuously. He told the Guerrero deputies an outright lie or at least something inaccurate: "We are in agreement," the prosecutor said, "with the National Commission for Human Rights that Messrs. Jose Ruben Robles Catalan, the former chief of cabinet, and Ruben Figueroa Alcocer, the constitutional governor of the state, had no involvement or criminal liability in the regrettable events...."

But the CNDH never said that. There is no such express assertion, of course. On the contrary, whenever its spokesmen were asked about the matter, they explained that the commission exonerated no one.

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Moreover, it was impossible for its recommendation to refer in any way to Governor Figueroa, because it was to him that the document was sent. But this did not rule out the possibility that he could have been held accountable if the Public Prosecutor's Office had conducted its inquiry prudently. The facts noted above tell us that it did not, however.

The case file contains a statement from Maria de la Luz Nunez, the mayor of Atoyac, the hometown of most of the people who were killed in Aguas Blancas. She tells of two conversations with Governor Figueroa, one before and one after the massacre. During the first the governor announced that he would prevent the rally to which the peasants who were attacked were headed: "We are going to try and stop the people from Tepetixtla by any means necessary." And during the second conversation he confirmed what he had announced: "What I was telling you about yesterday happened; we stopped those people." And he concluded with this brutal remark: "They wanted a war and they got a war! Are we in charge here or not?"

As far as we know, the governor was not asked in the mayor's presence whether he denies or accepts her statements, which square with the rest of the evidence submitted by the CNDH and even by the special prosecutor himself. To absolve Figueroa of all responsibility, in spite of such conclusive testimony, and to clear him of all involvement even though he was an accessory after the fact (since he tried to pass off the edited videotape as genuine) is tantamount to sanctioning impunity. Such a failure to punish is doubly wrong because it leaves the people on top untouched and penalizes those on the bottom, who were merely following orders, albeit with all of the ferocity that they are seen displaying.

Mexico: Government, PRI Reform Commitment Doubted

96CA0126A Mexico City PROCESO in Spanish 4 Mar 96

[Article by Fernando Mayolo Lopez including an interview with Felipe Calderon Hinojosa, candidate for presidency of PAN; place and date not given — received via Internet]

[FBIS Translated Text] Impulsive, audacious, "born to fight," Felipe Calderon Hinojosa has burst upon the political scene at the age of 33 to warn that the National Action Party (PAN) "should no longer allow the government to string it along."

A militant who "is used to the smell of gunpowder," he believes that the PAN should "draw a line" between itself and the government in its role as opposition party, because the regime is not willing to promote democratic change.

Calderon, the youngest candidate in PAN history, is running against Ernesto Ruffo for the national presidency of the party. He believes that in view of the failure of efforts to reform the government, the only solution is "to stop the game and reshuffle the deck."

"The political reform talks look nice; they are a great photo opportunity; the photos should be issued on postage stamps and hung on walls. But these not are not talks for real changes in Mexico," he argues.

Calderon, considered the candidate of "doctrine," reveals that his "friend" Carlos Castillo Peraza advised him not to run. "The presidency of the PAN involves very serious sacrifices," Castillo Peraza told him.

The son of Luis Calderon Vega, PAN founder and historian, Felipe spontaneously coined a phrase that ended up being his campaign slogan: "We must win the government without losing the party."

In an interview he clarifies: "That should not be interpreted in the negative sense of fear, but in the positive sense of hope."

At his campaign headquarters in a modest apartment in Colonia del Valle in the Federal District, the youngest son of a Michoacan PAN dynasty explains the meaning of this phrase in minute detail:

"Like all PAN members, I agree that the PAN must win the 1997 elections, the governorships that are up for reelection, and the presidency in the year 2000. Victory is at hand, but it requires careful preparation. The way I see it, however, there is no guarantee, as long as the PRI [Institutional Revolutionary Party] girds itself to defend its power in every way it can without giving up the illicit privileges that power has meant for it.

"Before thinking about winning a majority in the Chamber of Deputies or the presidency, we must know exactly why we want them. In other words, we need a vision of the country that will fully convince every PAN member that this is the best option for government. It is not just a matter of doing away with a corrupt and corrupting system; it means that when PAN reaches power, it will not just become an honest PRI."

An attorney who graduated from the Free Law School, Calderon ("I am a follower of Carlos Castillo") says that "winning the government without losing the party" means that the PAN will not lose itself in the quest for power.

He recognizes that roles within the party are changing: "What used to be heroic conventions at which prominent

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citizens were persuaded to join the party—but there was never any hope of victory—today have become, fortunately, conventions at which the quest for power is real. But that means that a party that is close to attaining power should not fall victim to internal power struggles."

He believes that the upshot of this is that the PAN will go through a very intense period in its internal life, as is to be expected in a party that is about to win the presidency: "I am not naive, and for that reason I believe that the national leadership must renew its commitment to impartiality and objectiveness in its internal democracy, and above all, personal interests must be subordinated to party interests."

Calderon has been an assemblyman and a federal deputy. During the first two years of Castillo Peraza's term, he was general secretary of the PAN.

Now, with a realistic chance of succeeding Castillo Peraza, Calderon is preparing himself for that responsibility, mindful that the PAN "should not allow power to dissolve it or confuse it."

He goes on to say: "The new leadership should understand, paradoxically, that as the PAN attains power, its function is to maintain itself and strengthen itself as a political party."

A party activist who has been with the PAN "through thick and thin," Calderon knows, nonetheless, that this vision could work against him. He declares: "I do not want to be labeled as a conservative in that sense, not at all; nor to I consider myself a theorizing politician. Yes, I have ideas, I am thoroughly familiar with the party's thought; but now I am worried that people think ideas are silly. I am a politician who came up from the trenches, accustomed to the smell of gunpowder, practical and pragmatic in the formulation of strategies, in political negotiations, and in the running of the party."

Married to Assemblywoman Margarita Zavala, Calderon says that National Action "is attaining power at this time," so "it would be absurd to think of returning to the past: That is impossible, and also useless, in terms of the PAN's goals. As a political party, its objective is access to the democratic exercise of power...."

[Mayolo Lopez] What would be a return to the past?

[Calderon] Thinking that the risks inherent in power can be averted only by avoiding accession to power itself; in other words, thinking it would be good for the party to continue losing and that it should continue taking pleasure in defeat. That strikes me as absurd.

[Mayolo Lopez] Are there members of PAN who think that?

[Calderon] I hope not.... But behind a labeling of political positions, labels such as traditionalist, historian, or ideologue, there is an implicit refusal to attain power. I think that the party must attain power, but it must be capable of mastering power before power masters it.

[Mayolo Lopez] Why are you worried about being called a conservative?

[Calderon] Because for me, the key to PAN is the ability to synthesize: The national leadership must be a synthesis of thought and of organization. And the party would be making a serious mistake if it conceived this internal struggle as a struggle between thought and organization, between past and future, or between electoral effectiveness and ideological precision. What is being decided is who is capable of achieving this synthesis in the national leadership, and how. I am not fighting for PAN's past, but for the future of the party.

Once a candidate for governor of Michoacan, where he managed to marshal the PAN forces in large numbers, Calderon knows that in the context of the PAN succession, he is the candidate of "doctrine." That bothers him, however:

"There are those who say that thinking is silly, that thought is superfluous, that we should send doctrine on a vacation, as Vicente Fox once said."

[Mayolo Lopez] Is there rapprochement for that in the PAN?

[Calderon] No, I am just saying that I do not see it as a defect, as is sometimes alleged, but I do believe that it is a sterile exercise to have a doctrine that is not applied to a specific reality.

Calderon becomes severe when he discusses PAN's withdrawal from the government reform talks. At the outset, he affirms that the party must emphasize its "opposition role."

In its relations with the government, he says, the PAN should adhere to the principle stated by (Adolfo) Christlieb: "As far away as possible, as close as necessary."

He explains: "Draw a line as opposition party and seek that distance in actual practice, but at the same time, closeness is dictated by the concrete demands of the common good that arise at every moment in history.

"In light of recent events, especially in the case of Huejotzingo, I have been contending that the political system—the government and its party—are not really

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willing to take the final steps to make this country a true democracy. Far from seeing the country moving to higher stages of political definition, all I see is a government strategy to buy time, that is, a strategy of the PRI and the Interior (Gobernacion) Secretariat as they are putting together a real economic recovery and preparing the ruling party to hang on to power by hook or by crook.

"In my view, the symptoms are patently obvious: one, the time spent on the electoral reform talks, in which there has been no progress. There is a lot of discussion, a lot of coffee is consumed, the PRI says everything looks very interesting, but nothing is resolved.

"Moreover, their alleged desire for democracy is contradicted by the facts: So far, no director has been appointed for the Federal Electoral Institute (IFE), and this vacancy represents political and constitutional irresponsibility on the part of the president. And the country is suffering, because he has left Agustin Ricoy in charge of the entire organization of the 1997 election.

"Another fact is the return of electoral decisionmaking in PRI to the hands of Cesar Augusto Santiago, Enrique Jackson, and Amador Rodriguez Lozano, who are clearly to blame for injustices that the country regrets."

He adds: "Electoral impunity, specifically in the case of Tabasco, is another of the political absurdities of Mexico. It is impossible to have a governor sitting on 237 million new pesos which he refuses to account for. And to top it all off, Manuel Bartlett's political abuse in Huejotzingo makes it clear to me that the PAN can no longer allow itself to be strung along in the electoral reform talks.

"I think that, even assuming there were a political solution to the Huejotzingo case, the PAN should not return to the reform talks."

He believes that the PAN should undergo a general rethinking of its strategy regarding the political reform of the state. "It must find a way to draw on its own strength to force political electoral reform in Mexico, but at a revolutionary pace. And I believe that the challenge for the new leadership will be to demand that the government define precisely what it wants for the country."

[Mayolo Lopez] So the PAN should toughen its stance with respect to the government?

[Calderon] I definitely think so. Above all because we are allowing public opinion to be deceived.

[Mayolo Lopez] How can you prevent it from continuing to string you along?

[Calderon] I think the party should maintain an opposition stance and focus more on deeds than on words. Specifically, it should be very firm with the government and insist on verification of concrete political change. It should pay more attention to real political affairs rather than cosmetic politics: The political reform talks look nice; they are a great photo opportunity; the photos should be issued on postage stamps and hung on walls. But these not are not talks for real changes in Mexico....

[Mayolo Lopez] Then why is the PAN there?

[Calderon] Because it sought to generate political change through agreements, which is the proper way to carry out any political transition, precisely because it is a valid and necessary instrument. The stubbornness of the government has made the talks totally ineffective; and for that reason, in my opinion, the PAN had a valid reason for being there, but the circumstances have changed, time has passed, and the meager results obtained are sufficient reason to withdraw.

"When we realize that we are at the card table and someone has been pulling cards out of his sleeve, the thing to do is stop the game and reshuffle the deck."

As for how his candidacy came about, Calderon recalls that initially, Ruffo had nominated Ricardo Garcia Cervantes and himself as candidates to replace Castillo Peraza, because the latter had decided for certain not to run.

As a result of Ruffo's nomination, Calderon met with Castillo Peraza to discuss the possibility of running:

"Carlos told me he appreciated my concern. He also made a number of comments about my qualifications, and after the leader and the former general secretary engaged in some political reflection, they concluded that it was imperative that a decision be made one way or another.

"Once that was done, it was time for the 'friendly advice,' as he called it. He said that the national presidency entailed very serious sacrifices in terms of personal, academic, family, and financial aspirations, which he knew I had. As a friend, he suggested that I not accept the nomination of my fellow party members.

"Also as a friend, he recommended that I make the decision by myself, and I heeded his advice. Consequently, for the first time ever, I made an important decision without my wife's input."

He tells how Luis Correa Mena, former candidate for governor of Yucatan, told Ruffo when he found out that Calderon had decided to run. Ruffo was in Monterrey presiding over a meeting at which the reorganization of the party was being discussed.

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"Ruffo," he explains, "had said he was worried and anxious about what might happen in the PAN, and that was why Correa Mena thought it prudent to let him know I was going to run."

Calderon says, "I have been with the PAN in the loneliness of resounding electoral defeat, and I have also been there when victory was celebrated with champagne." He tells how Ruffo expressed his pleasure at the possibility of a change in party leadership and insisted on pointing out that there were circumstances that prevented him from running.

"Two days later, we read in the press that he had decided to run after all...."

Mexico: Fernandez de Cevallos Sees Anti-PAN 'War'

96CA0127A Mexico City REFORMA in Spanish 6 Mar 96

[Article by Daniel Moreno: "Zedillo and PAN: At War" — received via Internet]

[FBIS Translated Text] The president is very intolerant of the opposition, says Diego [Fernandez de Cevallos]. The president would like an ornamental opposition, the former PAN [National Action Party] presidential candidate indicates.

As far as Diego Fernandez de Cevallos is concerned, there is only one explanation for President Ernesto Zedillo's political statements in recent days. They are "a declaration of war."

Ernesto Zedillo is presiding over the reestablishment, this time at the national level, of a PRI [Institutional Revolutionary Party] faction founded in Tijuana, All United Against National Action (TUCAN), and as in the past, this group has a single goal to stop PAN's rise, he maintains.

"It is obvious that there is a strategy against PAN, which can be seen in everything the president does, in what he orders PRI to say, and in what PRI members are doing in the country."

This is the only explanation, he says, describing it as "a declaration of war."

As a solution to this conflict he says that "the government should change its approach to society, to PAN, to political parties, to the guerrillas, and to all who dissent. It should right the wrong in Huejotzingo and make a commitment to the law and decorum. We are not simplistically advocating the resolution of a single matter so that everything else can remain the same. We are calling for a sweeping rectification."

In an interview the former PAN presidential candidate asserted that the members of this new TUCAN group "are the ones who refuse to realize that Mexico is different, that it can no longer be governed just by PRI, and that the only real way they may have found to stop killing each other is to unite against PAN."

Fernandez de Cevallos was responding to the criticisms of him voiced last Saturday by Santiago Onate Laborde, PRI's national leader, and to the charges that President Zedillo leveled last Sunday at PRI national headquarters.

Such criticism is the result "of the president of Mexico's strong intolerance of any true, authentic opposition. Perhaps it is ignorance, a lack of familiarity with democracy, pluralism, government, power, and the country itself, but deep down he would like to have a pro-forma, ornamental opposition."

Such intolerance, he added, is not directed solely at National Action, but at all who dissent, and he cited as example, Route-100. "A confrontation was artificially provoked. I do not deny the motives for rectifying the situation, but the government's approach cannot be accepted. It managed to invent 10,000 or 15,000 guerrillas in a single day. It was extremely crude."

The upshot of such political leadership is that "problems that should have been satisfactorily overcome in short order have gotten worse and multiplied owing to the deafness and blindness of those who wield power. It is a government" of contrasts, polarizations, sudden shifts." [quotation marks as received]

He added: "His complete lack of familiarity with what Mexico is, his political inexperience, and his ignorance in fundamental aspects of the law are compounded by the fact that he does not have around him a team capable of telling him what is going on and advising him properly. It would seem as though there is a deliberate aim to aggravate conflicts, without any benefits for anyone."

He said in conclusion that "I do not see a mending of PAN-government relations as likely; this will happen only if there are fundamental rectifications, which so far have not taken place, in the government's behavior, which is insupportable because of its intolerance."

Santiago Onate Laborde, the national leader of PRI, said yesterday that he would speak personally with Fernandez de Cevallos, with whom he has recently had a verbal confrontation, although he specified neither the date when nor the manner in which he will contact the PAN leader.

"Diego Fernandez de Cevallos is a fugitive from justice today and as an electoral outlaw is seeking asylum

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through a palace deal." Santiago Onate, national leader of PRI.

"I didn't know that Santiago Onate was the spokesman of the Office of the President." Carlos Castillo Peraza, national leader of PAN.

"It will not escape the judgment of the citizenry that it is altogether contradictory to say that authoritarianism is being repudiated and, at the same time, to call for presidential power to encroach on the sphere of other authorities." Ernesto Zedillo, president of the republic.

"What is happening is a shame, and the president's words are certainly foolish and provocative; it is sad that Mexico has a president like this." Diego Fernandez de Cevallos, former PAN presidential candidate.

Mexico: Zedillo Seen as 'Victim' of 'Caciques'

96CA0127B Mexico City REFORMA in Spanish 6 Mar 96

[Article by Raymundo Riva Palacio: "Ernesto Zedillo Is the Victim of Local Caciques" — received via Internet]

[FBIS Translated Text] During his last, short stretch as national leader of PAN [National Action Party], Carlos Castillo Peraza has remarked: "President Zedillo is merely the victim of the local caciques."

This is his explanation of why the president has changed course in terms of his political leadership; although he defends the president's talk of federalism, he says that he is failing because he does not know how things really are in Mexican politics or because he dodges its dynamics. What is President Zedillo unaware of?

Castillo Peraza does not say in his interview with REFORMA but does explore the reasons behind the verbal onslaught that the president and the national leader of PRI [Institutional Revolutionary Party], Santiago Onate Laborde, unleashed this past weekend against PAN.

"This is nothing new in the country," the PAN leader commented. "It is a repetition of the most traditional political language. It sounds new only to those who thought that PRI was going to be different, to those who thought and feared that it was going to change."

He added: "The president thought that it was going to change. I do not know what he was thinking."

As far as Castillo Peraza is concerned, the language the president employed was as old as can be.

"It is the language of old age," he emphasized. "It is the language of memories, not the language of hopes."

He also sees it as part of PRI's death throes, as it is far removed from a society that in spite of its difficulties is looking forward.

He did not hesitate to describe PRI's political culture as a culture of force, deploring the political inexperience of the president's collaborators, calling Puebla Governor Manuel Bartlett, a revanchist, laughing at Santiago Onate Laborde, and asserting that all sorts of experiments have been tried in Mexico except democracy.

Citing history, he foresees a PRI with Mussolini-like characteristics, although it is more grotesque than the Italian dictator who was hanged by his fellow countrymen.

In spite of everything, though, a good-humored Castillo Peraza contended that relations with the government are not shattered. He did admit that they are going through very difficult, complex times. "But this is normal for an opposition party," he indicated.

"Relations with the person in power go through different stages," he added. "That is the way it is all over the world; those in power proceed along the brink of a crisis which they later make an effort to settle."

How? Will PAN return to the political-reform bargaining table? Castillo Peraza insisted on a political solution to the postelection conflicts in Huejotzingo, in Quintana Roo.

"We did not leave (the table) because of something circumstantial, but rather something structural," the PAN leader contended.

Fraud, Castillo Peraza said, electoral fraud.

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Guatemala

Guatemala: Arzu Comments on Improvement of Armed Forces

PA1003203996 Guatemala City Televisiete Television in Spanish 1900 GMT 7 Mar 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Guatemalan President Alvaro Arzu again stated that former public security forces might be engaged in criminal gangs.

[Begin recording] [Arzu] Former members of the security forces might be involved in kidnappings and thefts of vehicles. This is true. However, we have made substantial, basic, and very significant changes in this country. I believe these changes are evident.

[Reporter] [Words indistinct], Mr. President?

[Arzu] Well, we are already doing so. We are transforming the Armed Forces as well as our police and security forces. These forces are recovering significant credibility among our citizens regarding their main duty of keeping public order, which they are in fact doing. [end recording]

Guatemala: Arzu Comments on Armed Forces, Abuses

PA1103043796 Guatemala City Teleonce Television in Spanish 0100 GMT 8 Mar 96

[Interview with President Alvaro Arzu by unidentified reporter on 7 March; place not given; from the "Telepress Newscast" — recorded]

[FBIS Translated Text] [Reporter] What about Congress' opinion about your government minister?

[Arzu] We have a good minister. The interpellation was very positive and served to clarify matters.

[Reporter] Regarding abuses against the press, what is the government going to do? What is it doing?

[Arzu] What abuses are you talking about?

[Reporter] The abuses from certain unidentified sectors, the abuses that have been reported in the media and that include assassinations and intimidations.

[Arzu] By the government?

[Reporter] No, by unknown sectors.

[Arzu] Any kind of abuse is regrettable. The government is prepared to allow you to work.

[Reporter] Do you think the joint operations between the Army and the National Police will reduce crime and violence?

[Arzu] I think there is already a reduction. The military and the civilian security forces have been working jointly, and there are already positive results. I think the media have reported this.

[Reporter] What about the government minister's charge against military elements?

[Arzu] What he has said is that former members of the security forces could be involved in the stealing of vehicles. We have made important changes in the country, and I think they are evident.

[Reporter] Are you going to fight the stealing of vehicles, Mr. President?

[Arzu] We are already doing it. We are reforming the Armed Forces, the police forces, and the security forces, and they are earning credibility from the people. They exist to safeguard public order, and they are safeguarding it.

[Reporter] Does the fact that the Armed Forces are being involved in security operations make it evident that the civilian forces have been unable to check violence?

[Arzu] No. Anywhere in the world, whenever there is an increase in violence or a crisis, all the security forces cooperate with each other to protect the citizens, as the Constitution establishes. All we are doing is complying with a constitutional mandate. This happens everywhere in the world. There is close cooperation among the country's security forces when the violence rate increases, as it happened during the first few months of this year.

Our situation is not an exceptional one. What matters is to produce results, and we are seeing results.

[Reporter] [Words indistinct]

[Arzu] I respect Congress' decisions. I think we should not create apocalyptic ghosts over the country. We should look forward and watch for positive situations in Guatemala and work together to build a good country.

[Reporter] Will you sanction or veto the committee?

[Arzu] The executive branch will sanction the committee as it was approved by Congress.

[Reporter] What do you have to say about this week's report from the U.S. Embassy?

[Arzu] I have not seen that report yet.

[Reporter] What about the one from the UN Mission for Guatemala [Minugua]?

[Arzu] We have that one and are analyzing it.

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[Reporter] There is talk again about human rights violations under this government.

[Arzu] All the violations are [words indistinct].

[Reporter] The Minugua report says....

[Arzu, interrupting] That report speaks about the past period, not this one.

[Reporter] Why then....

[Arzu, interrupting] Have you been informed about human rights violations during this period?

[Reporter] It attacks this period also a little bit.

[Arzu] I do not know. I would have to see it, but I understand this report covers last year's situation.

[Reporter] What do you think about the new calls to implement the death penalty?

[Arzu] We are prepared to comply with the death penalty once the courts establish it, after all the mechanisms of appeal have been utilized. We are going to comply with that.

[Reporter] What about presidential pardons on these sentences?

[Arzu] We are not planning to issue presidential pardons when it is perfectly clear that the person involved is a repeat offender, that there are aggravating circumstances, and that the crime committed is serious enough to earn a death sentence.

Guatemala: Commentary Views Reputation of Security Corps

PA0803193596 Guatemala City Televisiete Television in Spanish 1900 GMT 7 Mar 96

[Unattributed commentary; from the "Channel Seven News" newscast]

[FBIS Translated Text] The country's security corps have been in the news recently because of remarks by some officials that members of car theft and drug trafficking rings are infiltrated in the Police and the Army. The Government Ministry even mentioned the possibility that the individuals from these corps may be working for criminal organizations. To explain the remark, it stated these individuals are not on active duty but are rather former Police and Army personnel. This statement comes in addition to the large number of complaints by international organizations that have found the solution to many evils is to hold the Police and Army responsible. What is regrettable is that despite rare exceptions, the accusations of all kinds that have been filed never go beyond that stage, and no evidence has been submitted to corroborate the facts and expose once and for all these individuals who carry out their criminal activities under the protection of the security corps.

We say this is regrettable not because we defend any of the state security corps but because we must realize our main institutions are suffering an accelerated erosion since the complaints, accusations, and charges — that have had a negative rather than a positive impact on these corps' credibility — are causing a crisis of confidence that may have dangerous consequences for the country's institutions. It is obvious one cannot ask the common citizen to have faith in the Police and Army when we hear daily accusations by officials and different organizations holding the security corps, or its former members, responsible for the crime and violence that the country is experiencing.

What is more, we have fallen in the regrettable state of generalization, which is to say that entire institutions have been smeared on account of a few individuals. Nobody has taken time to consider the damage caused and its consequences. If we continue pointing to the state security corps as wholly responsible for violence, Guatemalans will soon face a bleak future. Citizens will have no place to go in search of protection, and we will be more defenseless than we are now, since nobody will file a complaint before the Police and the Army because the common citizen will think it is not worthwhile.

Guatemala: URNG Urges Improvement in Human Rights

PA1103155696 Mexico City NOTIMEX in Spanish 2127 GMT 9 Mar 96

[FBIS Translated Text] Guatemala City, 9 Mar (Notimex) — The Guatemalan National Revolutionary Unity (URNG) called for an improvement in human rights issues, as well as for the demilitarization, democratization, and progress in the country, according to a document by the rebel group.

In a section of URNG document entitled "Guatemala, Proposal to Society," obtained by NOTIMEX, the guerrilla leadership points out that four priorities should be taken into account in order to improve the standard of living of all Guatemalans.

In the opinion of the guerrilla group, "human rights, demilitarization, democratization and development, from a perspective of history and institutional harmony, constitute the basic foundation of the critical changes that must be agreed upon and implemented in Guatemala."

According to the URNG assessment, violations to the rights of the individual is an issue of great concern and the state must provide guarantees to the population

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as well as to exercise strict control over the country's security forces so that they will respect the rights of all citizens.

The guerrillas claim that the "mafia-style use" of authority is what has lead to the rise of repression as well as to a brutal disrespect for human rights, and to the establishment of undeniably criminal organizations protected by the state.

"It is impossible to continue with a system that has been in permanent crisis, much less revert to those disastrous and bloody times" of the early 1980's when the army proceeded to massacre hundreds of peasants, the rebels' text adds.

With respect to the demilitarization issue, the URNG stresses that civilian authority must be strengthened and the mission of the Armed Forces must be restructured in a constitutional manner since its role is to strictly safeguard the country's sovereignty.

The URNG proposes drastic cuts in the size of the Army, its budget, and for its financial institutions, banks, schools and hospitals to revert to civilian control and for these services to be provided to those who need it most.

"The Army must be excluded itself from national security duties, from state organizations, and other tasks which the military has been usurping," the "Proposal to Society" adds.

Imposing a regime by force, the guerrillas contend, led the Army (during the last 40 years) to exercise a role of mediator, and during the past 30 years, to seize political and economic power through military dictatorships or governments with civilian facade.

According to the URNG, in order to democratize society it would be convenient to strengthen the justice system, prevent corruption, and enforce the political Constitution of this Central American nation.

They highlight that by means of legal and constitutional reforms, the Legislative Branch will be able to recover the prestige it had several years ago and thus set the foundation for a genuine an effective exercise in democracy.

The document states that it is necessary for the country to move forward through a path of progress that will mainly benefit the lowest income sector of society, which includes nearly 80 percent of all Guatemalans.

"Institutionalization of the new Guatemala must be carried out by implementing administrative and governmental structural changes, as well as by providing solutions to immediate and medium term priorities in order to accomplish an equitable national strategy of social development," the document adds.

Guatemala, the URNG document points out, must move toward modernization through the rational and institutional use of its resources, means of production, work, and creativity, liberty and most of all, social justice.

The United Nations urged the government and the URNG to meet again in Mexico from March 25 to 27 in order to renew the talks aimed at ending 35 years of armed conflict that have left 175,000 dead and millions of dollars in losses.

Honduras

Honduras: Reina Praises Current Generation of Armed Forces

PA1103015296 San Pedro Sula TIEMPO in Spanish 2 Mar 96 p 6

[Report by Daniel Serrano]

[FBIS Translated Text] During the inauguration of the sixth National Defense College Course, President Carlos Roberto Reina today praised the current generation of Armed Forces members for having rejected antidemocratic positions.

The Jose Trinidad Reyes Course, which is scheduled to last until 1 December, includes 40 students representing several of the country's civilian and military institutions.

In his opening address, the president criticized those individuals who insinuate, on account of partisan guidelines and out of fear of facing judicial action, that the government intends to undermine the military institution.

"Before the officers corps and our nation, I have reiterated my firm commitment to leave the military institution in a more dynamic state and more respected and admired by our people," the president said.

In reference to the National Defense College, Reina said he plans to relay instructions to the appropriate government authorities to have additional financial resources assigned to the institution.

Armed Forces Chief General Mario Hung Pacheco cautioned, however, that the members of the military institution are not barred from becoming involved in national issues, because we "are not from another planet."

"In this regard, we understand that peace means not only an absence of war or a suppression of weapons on the battlefield; peace also means the advancement of the people and the betterment of the individual. [no closing quotation mark as published]

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Hung Pacheco said the resources of the world will become sources of frustration and tragic tensions that will undermine peace and the dignity of man as long as there are sectors unable to achieve the same level of satisfaction others take for granted.

"Uneven development constitutes the main feature of the major challenges of today, because there are small groups enjoying the benefits of prosperity and opulence with all sorts of goods and services within easy access while the great majority exerts tremendous efforts to survive," he added.

With inequalities such as these, he said, there is a certain degree of belief that the current structural crisis in society originates from the saying "the rich get richer, and the poor get poorer."

"It is necessary for all Hondurans to undertake a major, historical effort to accomplish basic objectives such as a national agreement and reconciliation so that together we can start the search for the most optimum solution to the problems plaguing us," he said.

"It is inconceivable that we are still talking about a coup at this time," because the Armed Forces already have their mission to serve peace, democracy, and the constitutional government.

Also participating in the event were Defense College Director Colonel Luis Alberto Soto Ponce, Deputy Foreign Minister Roberto Arita Quinonez, and Defense Minister Jose Luis Nunez Bennet, among others.

Honduras: Reina on Debt, Drugs, Border Problems, Prices

PA1003010196 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 5 Mar 96

[Report on interview with President Roberto Reina by Fernando Oviedo; place and date not given — recorded]

[FBIS Translated Excerpt] Honduran President Roberto Reina views the long trip by his economic cabinet officials to meet with the Paris Club members and the conditions established by the Paris Club creditors in a positive light.

[Begin recording] [Reina] I believe this is inaccurate. The delegates who met with the Paris Club members will hold a news conference and will explain all the details. This pessimistic and negative attitude is detrimental to Honduras. Neither is it proper to say that we are bankrupt and in need of help. Everything related to the Paris Club has been positive under the conditions established by the creditors. We were warned that we should not build up our hopes too much; however, a relatively short-term write-off of $325 million is quite noteworthy. Everything they have said is positive, but there are always those people who deny the truth and those who want everything to go awry so that Honduras collapses. This is my opinion.

[Oviedo] However, it was the duly accredited [colegiado] representatives, such as the president of the Honduran Economists' Association, who said that unfortunately, not everything had been accomplished at the meeting with the Paris Club.

[Reina] We are back to what I just said. People had built up their hopes. This situation is comparable to the inauguration of a new government: everyone expects that poverty will disappear overnight and everyone expects that those who are dishonest will become honest overnight. This is inconceivable. The results obtained from this meeting are positive and the delegates will hold a news conference to discuss all the details. You should heed what they say, since they were the ones who met with the Paris Club members. [end recording]

The president was also asked about the drug trafficking situation and the financing it might give to the political parties. He replied:

[Begin recording] [Reina] This problem pervades the entire American continent. I am certain that Honduras is one of the most sound countries in America and in the entire world in this regard and many others. We should not cause further distress to our people by telling them these things.

[Oviedo] Isn't Honduras free from this problem?

[Reina] No country in the world is free from this problem. Money laundering, for instance, takes place everywhere. I believe that Honduras is one of the least tarnished countries in this regard.

[Oviedo] Some sectors have argued in El Salvador that Honduras could care less about resolving the border problems of those people living in the area between the two countries.

[Reina] Unfortunately, there has been some delay as far as the demarcation and some misinterpretations of the documents. The legal commission is working quite efficiently, but it must keep the media duly informed precisely to avoid any speculation. The commission should issue regular reports, because otherwise, there would be room for speculation, and speculating in national objectives is detrimental to the country. We must view this very seriously. I am certain that our relations with El Salvador are excellent and that we will solve everything at the negotiations table. We are also sorry for the delay.

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[Oviedo] The fuel situation is still unstable. Will the government try to give an answer to Hondurans regarding the increase in fuel prices?

[Reina] We cannot handle this problem at the domestic level. This is rather an imported problem; it is an imported inflation that affects countries with weak economies. If fuel prices go up, the transnational companies that import petroleum — not the government — are the ones that control this. [end recording] [passage omitted]

Panama

Panama: Foreign Ministry Said Protecting U.S. Interests

PA1103203696 Panama City LA PRENSA in Spanish 11 Mar 96 p 5A

[Report by Ibeth Vega G.]

[FBIS Translated Text] Miguel Bush, legislator for the Democratic Revolutionary Party, PRD, has said that Panamanian Foreign Minister Gabriel Lewis Galindo has turned the Panamanian Foreign Ministry into an "office for the protection of U.S. interests," therefore, the foreign minister will be summoned to the Foreign Relations Commission of the Legislative Assembly for questioning.

Bush made the statement after the Foreign Ministry issued a communique on the downing of two private planes with four persons on board by Cuban Air Force combat planes off the coasts of Florida.

According to Bush, the communique issued by the Panamanian Foreign Ministry condemning the Cuban action had no grounds because the true circumstances surrounding the incidents are still unknown.

"It was an unfortunate communique and it is because the foreign minister (Gabriel Lewis Galindo) has turned the Foreign Ministry into an office for the protection of U.S. interests," the legislator said.

He added that Panama should not have intervened without having the official report on the incidents containing the versions of both sides.

Bush noted that the worst thing about it was that Lewis Galindo signed the communique on behalf of the entire government, "but I am part of this government and I disagree because it shows a total lack of knowledge and it would have been preferable to remain silent."

"We are talking about a Latin American country, and besides, we must remember that Cuba and its people supported our efforts to rescue our sovereignty following the U.S. invasion of 20 December 1989," Bush said.

The PRD legislator asked his fellow party member and president of the Foreign Relations Commission, Oyden Ortega, to summon Foreign Minister Lewis Galindo to explain based on what laws, provisions, or international reports he issued the communique.

This is the second time that Bush publicly criticized the foreign minister's alleged "lack of interest" in facing national or regional problems to support a U.S. position.

On one occasion, Bush said Lewis Galindo and his work team disregarded the labor violations which some Panama Canal employees had been reporting.

Panama: Article on Possible Extension of U.S. Presence

PA1203004896 Panama City LA PRENSA in Spanish 11 Mar 96 p 47A

[Article by Roberto R. Aleman: "Extension of the U.S. Military Presence"]

[FBIS Translated Text] The lack of seriousness with which discussion of a possible extension of the U.S. military presence in Panama has taken place is noticeable. Some have gone to the extreme of saying that the presence of military bases should not be legalized in our country. This statement aims to revive a tiresome and old issue embraced from time to time by those who wrap themselves with the cloak of false and extreme nationalism.

The U.S. military presence in Panama has never been illegal. In the beginning this presence was based on Article XXIII of the Isthmian Canal Convention of 1903 that states "...the United States will have the right, at all times and as it sees fit, to use its police, ground, and naval forces and to establish fortifications for that purpose."

It will suffice to mention that from the coming into force of the 1903 Convention to its abrogation and replacement with Article I of the Torrijos-Carter Treaty of 1977, the Republic of Panama maintained the theory (de Obaldia's note dated 11 August 1904) that the protection of the Canal was among the specific goals that gave the United States, by virtue of delegation from the sovereign [state], the right to exercise "the rights, power, and authority that the United States would possess and execute if it were sovereign."

U.S. military presence is regulated by the "Agreement for the Execution of Article IV of the Panama Canal Treaty" that is part of the Panama Canal Treaty of 1977.

Let us move on to another issue that I call "premature criticism." Any organized society should have established principles to determine who or which bodies

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must adopt measures to define "national interest," that is, improvement of quality of life as well as the adoption of steps that must be taken to achieve such measures. As for the draft treaty I am discussing, the local principles are as follows:

1. It is the duty of the president of the Republic, with the participation of the respective minister: "To lead foreign relations; to negotiate treaties and public agreements that will be submitted to the consideration of the Legislative Branch (Article 179 of the political Constitution)."

2. It is the duty of the Legislative Assembly: "To approve or disapprove, prior to their ratification, the international treaties and agreements negotiated by the Executive Branch." (Article 153, Paragraph 3 of the Constitution).

3. According to Article 310 of the political Constitution, because this treaty deals with the protection of the Canal, should it be approved by the Legislative Assembly, it must be subjected to "a national referendum that should not be held within the three months following legislative approval."

The president of the Republic, in fulfillment of his duties, has only announced that his government, in response to a proposal made by the U.S. President, is willing to start talks with the U.S. Government. I said in fulfillment of his duties, because the Protocol on the Exchange of Documents to Ratify the Treaty of 1977 stipulates that nothing in the treaty will "prevent" any of the parties from requesting new agreements pertaining to the maintenance of defense sites in Panama after 31 December 1999. I would add that even if that stipulation were not on the aforementioned protocol, the United States, based on international customs, could request the maintenance of defense sites in Panama after 31 December 1999.

If the president of the Republic simply complied with a state obligation, the dust cloud raised by it could be considered, with full justification, as "premature criticism." No Panamanian who thinks with objectivity and seriousness can conclude, without knowing the text of what is yet to be agreed upon, that we must decide now that we should not even listen to the U.S. proposal.

It is unadvisable for Panama to have a canal transfer take place within an atmosphere of hostility and ill will and much less to allow such an atmosphere to appear, because of Panama's refusal to comply with an obligation derived from the aforementioned Document to Ratify the Treaty.

The president has the duty, according to our legislation, to lead negotiations and to sign treaties if, in his opinion, a negotiation that is in keeping with national interests has been completed.

After the agreements that were reached are revealed and after the text of the agreement is subjected to the consideration of the National Assembly, there will be ample time for public discussions and reactions. Of course, such discussions would be expanded should the agreement on military presence be approved by the Legislative Assembly and subjected to a national referendum.

On 7 September 1977 in Washington, during the signing of the Panama Canal Treaty, General Omar Torrijos said: "...because we are signing a neutrality treaty that places us under the defensive umbrella of the Pentagon..."

Torrijos knew well what he was saying and why. Torrijos knew, as was later explicitly stated in Panama's document to ratify the neutrality treaty, that it was agreed that "each one of the two countries, in keeping with their respective constitutional procedures, would defend the Canal against any threat against its neutrality and thus will have the right to act against any aggression or threats aimed at the Canal or against the peaceful transit of vessels through the Canal."

And there is more. Among the "agreements" of Panama's ratification document are: "(2) The agreement to maintain the neutrality..." This means that any of the two parties of the Treaty may, through their constitutional proceedings, adopt unilateral actions to defend the Panama Canal against any threat as the party taking the actions sees fit.

This means the United States may unilaterally decide that a specific act constitutes a threat to the Canal and take the appropriate action to maintain "the peaceful transit of vessels through the Canal." One could wonder, given that the Neutrality Treaty will be in force after 31 December 1999, whether a president of Panama can responsibly refuse at present to comply with the obligation that was clearly acquired with the Canal Treaty of 1977 to discuss the possible negotiation of new agreements on the maintenance of defense sites in Panama after 31 December 1999.

I believe national interest is in keeping, at present, with the announcement that Panama, as stipulated in the Canal Treaty of 1977, will heed the request made by the United States to start talks on a possible extension of the U.S. military presence in Panama.

I repeat, it is convenient to "national interest" that the Canal be turned over in an orderly and friendly fashion. Panama will have to face and resolve many problems. Undoubtedly, their solution will be eased if relations

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between the two countries are in an atmosphere of cooperation and mutual understanding.

Among the many problems to which I am referring, I will allow myself to anticipate the following: the condition and maintenance of received works; labor affairs; determining what is considered adequate defense of the Panama Canal, in accordance with what Treaty Article V should offer; setting toll rates; and the status of the 1904 Monetary Agreement. Of course, among the problems there is surely to be those derived from the right bestowed to the United States to act unilaterally "against any aggression or threat directed against the Canal or against the peaceful transit of ships through the Canal."

Panama: Peru's Fujimori Meets Officials, Signs Accords

PA0803183896 Panama City Telemetro Television Network in Spanish 1730 GMT 6 Mar 96

[Report by Axel Rivera; from the "Telemetro Reports" newscast]

[FBIS Translated Text] Panamanian Chamber of Commerce, Industries and Agriculture members met with Peruvian President Alberto Fujimori and again repeated their formal request:

[Begin Chamber of Commerce President Juan Jose Vallarino recording] President Fujimori, we want to inform you that the Panamanian private sector considers it is very positive for Peru and Panama to initiate negotiations that will lead to the signing of a bilateral free trade agreement, which will significantly increase the commercial exchange between our countries. [end recording]

In reply to the Panamanian businessmen's proposal, Pujimori stated:

[Begin Fujimori recording] [Words indistinct] of the Panamanian private sector. I am deeply grateful for such statements because they show that there is an interest in improving the bilateral relations between Panama and Peru. [end recording]

Before moving on to have breakfast, the Peruvian president opened the floor to questions and referred to issues previously discussed with businessmen: drug trafficking and the advancement of Peruvian economy.

[Begin Fujimori recording] The United States imports coca. They have a large amount of resources, a very high budget, sales [words indistinct] which I don't understand. Why do they continue to import coca leaves? They should limit the import of coca leaves. This is my gripe against them. [applause] [end recording]

After the event at the Chamber of Commerce, Alberto Fujimori visited the Municipal Council and was received by Municipal Council President Sergio Galvez who gave him the official municipal diploma. Panama City Mayor Mayin Correa also gave him the keys to the city. The Peruvian president thanked her for this honor:

[Begin Fujimori recording] I believe my official visit has been very constructive. In just two days we have made important contacts, which I am sure will yield good fruits in all spheres of Peruvian-Panamanian exchange. [end recording]

Fujimori stayed at the toast given in his honor by the Municipal Council for a few minutes and then went on to the Presidency of the Republic to sign a joint declaration with the Panamanian president.

The declaration highlights the excellent diplomatic relations between both countries; their commitment to back and maintain democracy in Latin America; the need to make a joint struggle against terrorism, drug trafficking, and corruption; and the will to promote smoother economic and commercial relationships. It urges businessmen in both countries to become active players in this new relationship. In the framework of this declaration, the presidents signed agreements to combat the illegal use, production, and traffic of drugs, and to further tourism cooperation, as well as exchanged notes exonerating airlines from income tax on revenues coming from the exploitation of international routes.

Panama: Accord Signed With Germany To Fight Drugs, Crime

PA1103041996 Panama City Circuito RPC Television in Spanish 1730 GMT 9 Mar 96

[From the "Midday Television News" newscast]

[FBIS Translated Text] The Panamanian and German Governments have signed an agreement to fight drug trafficking and organized crime. Panama is to receive assistance worth $650,000 to support these programs. The acting attorney general and an acting representative of the German federal ministry have signed the agreement.

The National Police, the Judicial Technical Police, the General Customs Directorate, and the Drug Prosecutor stand to receive the most benefits from this cooperation agreement.

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Panama: Supreme Court Declares Laila's Arrest Legal

PA1003203196 Panama City LA PRENSA in Spanish 9 Mar 96 p 2

[Report by Jose Otero]

[FBIS Translated Text] The Supreme Court of Justice has declared legal the arrest of Colon Free Zone businessman Albert Laila and indicated that there is enough evidence linking him to the "Murdock" group. This group has been accused of laundering $113 million in drug-related money.

The ruling, issued by Magistrate Arturo Hoyos, warns that the documents certified by the U.S. Government implicate the businessman in the crimes of conspiracy and money laundering. Cesar Guardia, Laila's defense attorney, pointed out that the ruling is a "victory" because the Supreme Court finally dictated that Laila will have to be tried in Panama by definitely denying the extradition request made by the United States.

Laila was indicted on 27 October by a federal grand jury in New York on charges of money laundering and conspiracy; the grand jury requested his extradition.

Last January, the criminal court issued a decision in favor of Laila, calling for bail of $500,000. However, in February, the Drug Prosecutor's Office arrested Laila again on new charges, including conspiracy, which is the reason why his attorneys filed a habeas corpus.

The ruling establishes that Laila had knowledge of the basic facts and conspired with the leaders of the so-called "Murdock" group to conduct commercial transactions to launder drug-related money. This ruling indicates that Israel Murdock, leader of this criminal ring, and his cronies — Korean national Myung Koh and Indian national Somedar Gautan — testified to the New York court that Laila was a member of this organization. This group is accused of laundering $113 million since 1988 via businesses located in southern New York, Cali (Colombia), and the Colon Free Zone.

According to the court ruling, the accused will be placed in the hands of the Drug Prosecutor's Office, which shall begin the corresponding summary proceeding [instruccion del sumario].

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Argentina

Argentina: Di Tella Reports Vessel Recovers Fees From UK

PY1203033096 Buenos Aires TELAM in Spanish 2157 GMT 11 Mar 96

[FBIS Translated Excerpt] Buenos Aires, 11 Mar (TELAM) — Foreign Minister Guido Di Tella reported today that the vessel sailing under the Argentine flag that paid fees to Britain under protest to be allowed to fish in South Georgia Island's waters recovered the sum it had paid and abandoned the area with the entire catch of black hake in its hold.

Di Tella said at the Foreign Ministry this afternoon that "the company American Sea Food, which chartered the Antarctic III, has informed us that the vessel which sails under the Argentine flag was refunded the sum it deposited under protest and left the South Georgia Island's waters carrying the entire catch of black hake in its hold."

Di Tella declared: "The Foreign Ministry is acting with resoluteness and prudence at different levels, taking measures congruent with the situation in order to make strides in asserting Argentine interests in an area which became extremely sensitive following the 1982 war."

The foreign minister explained that Argentina "has already lodged a protest before the Convention on the Conservation of Antarctic Marine Living Resources against Britain's intentness on collecting fishing fees and has reasserted Argentina's sovereign rights over the [South Atlantic] islands and their territorial waters."

Di Tella deemed that "the United Kingdom's claims go against the Convention, international law in general, and the law of the sea in particular."

"We also have information that the appropriate U.S. authorities have ordered U.S. fishing companies to protest against the payment of the licenses demanded by British authorities on the South Georgia Island," he added. [passage omitted]

Argentina: Daily Views Refusal To Pay UK Fishing Fees

PY1203034996 Buenos Aires LA NACION in Spanish 9 Mar 96 p 6

[Editorial: "South Georgia Island's Waters"]

[FBIS Translated Text] The Menem administration has refused its consent for Argentine fishing vessels to pay for a license to operate within the South Georgia Island's 200-mile limit — a requisite imposed by British authorities. This brings into question an extremely thorny issue, which affects not only Argentina's claim to sovereignty over that insular territory but also delicate aspects of international law.

The disquieting likelihood of possible clashes with Britain stemming from its punitive action against the vessels that object to pay for fishing fees, together with remarks by Foreign Minister [Guido] Di Tella and the announcement of the postponement of President [Carlos] Menem's trip to Britain, have, over the last few days, caused real concern. While the cautious reaction evinced by the head of state himself and the Navy chief of staff — and also by official sources in London — fortunately dispelled this concern, these events raked up painful memories lingering at the back of Argentines' minds.

This dispute can be traced back to days of old. South Georgia Island was rex nullius [the property of nobody] until the beginning of this century. When Argentina set up a meteorological station on this island, it was contested by Britain through the laying down of a claim to sovereignty over the South Atlantic islands, which was in turn challenged by our country. To this day, this legal problem is unresolved. The possession of a littoral confers jurisdiction rights and rights to economically exploit its adjacent waters, and herein lies Britain's intentness to reserve the right to collect fees for granting fishing licenses. Nevertheless, the Argentine Government's attitude to deny Britain's right to collect fees is also logical, since our country does not recognize the legitimacy of Britain's possession, on which its claims are based.

Such is the essence of the debate arising from a fragment of the long, complex, and irritating dispute over the South Atlantic islands pitting Argentina against the United Kingdom. Leaving the arguments underpinning Argentine claims aside, this question has — such as it is now — another aspect that renders it more complex.

As a corollary to the Antarctic Treaty signed by numerous countries — including Great Britain and Argentina — the United Nations drew up the Convention on the Conservation of Antarctic Marine Living Resources (Camelar), which establishes the time of year when the different species — including the black hake, concerning which there is exploitation interest at present — are in season and catch ceilings. This restriction is offset by the prohibition on collecting fishing fees.

Britain's decision is, therefore, not only questionable in the eyes of Argentina, but also constitutes a violation of an international commitment which all parties have accepted and which entails an effective cession of sovereignty. As a result of this, Argentina's diplomatic protest is also intended to stand in defense of a

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supranational convention, something which should be known and acknowledged before international fora.

Argentina: Report Notes Details of IBM Investigation

PY0803192796 Buenos Aires CLARIN in Spanish 29 Feb 96 p 22

[Report by Omar Lavieri]

[FBIS Translated Excerpt] Economy Minister Domingo Cavallo knew about the investigation being conducted by the General Directorate of Taxation [DGI] which provoked the scandal of the presumed payment of bribes through a contract between IBM and the Argentine National Bank [BNA].

This is the explanation given by Gustavo Soriani, former IBM operations vice president, to Federal Judge Adolfo Bagnasco. Soriani was the only executive dismissed from the multinational company during the investigation conducted by the justice department to determine whether bank officials received "kick backs" to grant the computer company a contract worth 250 million pesos.

The justice department investigation into the contract between IBM and the BNA centered on the CCR [expansion unknown] company.

Everything began when the DGI began an investigation into the tax situation of CCR. In June 1995, the DGI discovered that CCR used "false" invoices and was involved in tax evasion.

What no one knew at that time was that CCR was a company with very close links — the two had the same owners — with another company called Consad [expansion unknown], which was also subcontracted by IBM to computerize the BNA.

Consad was (and still is) a direct supplier of the DGI, a fact that put DGI against the wall: Should it or should it not continue to deal with Consad despite the evidence that CCR was involved in tax evasion?

Soriani said: "Cossio [not further identified] had personal contacts with Juan Carlos Cattaneo (Alberto Koha's former deputy at the General Secretariat of the Presidency) and went to see him."

Through Cossio the matter reached Cavallo and then Public Revenues Secretary Carlos Tacchi. Cossio allegedly convinced the two officials to continue dealing with Consad. The most convincing argument used by Cossio was that the DGI was technologically dependent from the firm.

Soriani also talked to Bagnasco about Cattaneo's role in the affair. Cattaneo had been a former deputy of the General Secretariat of the Presidency, a former shareholder of CCR and Consad, and the man mentioned as the political contact that speeded up the multi million dollar business deal.

Soriani, who thanks to his position at IBM had much experience in negotiations, told the judge something very intriguing: "From the business point of view, things occurred when we mentioned Cattaneo."

The former IBM official also revealed that he had closed various contracts with Consad, Cattaneo's company, on behalf of the computer company.

Soriani said: "When this government took over, Cattaneo started working with Kohan and for some time did not participate in any transaction directly. Later he worked at Tandanor [North Basin Shipyards] and Somisa [Argentine Iron and Steel Joint Association]. Somisa was an IBM client, but at that time decisions on computers at the company were made by someone else. Cattaneo stayed on the sidelines, at least that is what I think."

During his testimony, Soriani had a serious confrontation with current IBM President Wilmer Gueicamburu, whom he said was "not telling the truth." The new IBM president said "there were many managerial mistakes" and blamed Soriani for them.

Argentina: Army Head on Professionalism, Falklands

PY1103173996 Buenos Aires TELAM in Spanish 1645 GMT 10 Mar 96

[FBIS Translated Excerpt] Buenos Aires, 10 Mar (TELAM) — Lieutenant General Martin Balza, the Army chief of staff, has emphasized the high professional level shown by Argentine military officers who joined the peacekeeping forces. He favors an active and well-trained Army, instead of an empty and poorly trained Army.

Balza noted that he wants "an agile Army in which quality prevails over quantity." Balza said: "I do not want an empty and poorly trained Army. I want an active and well-trained Army, with commando actions at all levels."

Balza told Radio America: "We are peace professionals. Our mission is to prevent wars. We, therefore, must be prepared to deter." [passage omitted]

With regard to the 1982 military conflict with Great Britain in the South Atlantic, the Army chief of staff

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emphasized: "The Argentine nation has always considered the Malvinas Islands issue to be a national cause." [passage omitted]

Argentina: Menem Removes Postmaster General From Office

PY1003211096 Buenos Aires LA NACION in Spanish 7 Mar 96 p 1

[FBIS Translated Text] In a decision that presages further political dissension in the incumbent administration, President [Carlos] Menem has resolved to remove the head of the National Enterprise for Mail and Telegraph, Inc. (Encotesa) from office. The Federal Court of Appeals has confirmed that Postmaster General Haroldo Grisanti has been indicted on charges of fraudulent actions against the public administration.

Grisanti is a close aide of [Economy] Minister [Domingo] Cavallo and his right-hand man in the bitter altercation pitting the economy minister against businessman Alfredo Yabran.

Menem's unexpected decision to order the postmaster general's dismissal gave rise to a climate of tension in the administration. Cavallo's aides at the Economy Ministry asserted that some days ago, the head of state had no intention whatsoever of accepting Grisanti's resignation despite the charges he is facing.

Nevertheless, the only mention the head of the Economy Ministry made of the postmaster general's removal from office was on 6 March, when he said: "That is the president's prerogative and whatever he decides must be accepted."

Menem, speaking on Radio Municipal, had announced that Grisanti "will leave." The postmaster general tendered his resignation on the evening of 6 March.

A Blow to Cavallo

It was conceded at the Economy Ministry that as a result of the president's decision, Cavallo has became politically debilitated.

Two weeks ago, the economy minister accused Yabran of having orchestrated a campaign against him and went as far as hinting at the possibility that Yabran may "have me killed."

Menem admonished the economy minister for the latter's remarks and Cavallo was obliged to bring forward his trip to France, where he then joined the head of state's retinue that accompanied Menem on his state visit to that country.

The chief executive's decision to replace Grisanti took the economic team by surprise. Cavallo and his aides expected a less expeditious resolution to "so delicate a matter," as was noted. [passage omitted]

Bolivia

Bolivia: Opposition Calls U.S. Certification a 'Success'

PY1203115696 La Paz PRESENCIA in Spanish 2 Mar 96 Section 1 p 7

[FBIS Translated Text] Opposition legislators have characterized government efforts to fight drug trafficking as "successful." The recognition came after the news that the United States had certified the country was known.

According to Sergio Medinaceli, president of the Chamber of Deputies' Committee on Drug Trafficking, the U.S. certification is a success for the country.

Medinaceli, a legislator of the Movement of the Revolutionary Left (MIR), said that the success is, to a large extent, due to the efforts undertaken by the Ministry of Government.

The legislator stressed this ministry's efforts to reach the goals established by the different coca surplus eradication plans.

Medinaceli said, however, that the country requires an "institutional mechanism" to establish national policies, recalling that the minority report in the "drug plane" scandal recommended the creation of a National Commission elected by Congress to plan antinarcotics policies in the country.

Nationalist Democratic Action (ADN) Deputy Enrique Toro attributed the U.S. certification to Minister Carlos Sanchez Barzain's efforts. "Personally I would like to point out that the minister of government has made great efforts to fulfill certification goals," Toro said.

The main requirement for certification was the fulfillment of goals established for the eradication of surplus coca plantations.

The legislator noted that the country paid a high price to accomplish this, recalling the "constant confrontations with coca producers" during the implementation of the official policy.

"We are convinced that the fight against drug trafficking does not concern a single party, but all Bolivians. This is why we presented our own proposal," Toro said

The legislator added that the ADN leadership presented a proposal oriented to "implementing policies that will extend beyond the administration of different governments."

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Toro said, however, that the U.S. certification does not necessarily suppose we will have "a good year" in terms of economic assistance to Bolivia.

The legislator warned that U.S. economic assistance policies are influenced by U.S. internal factors, among which the electoral climate is very important.

Toro thinks the current U.S. electoral climate will influence U.S. economic assistance policies toward Bolivia. "The U.S. deficit will have a greater influence on the reduction of U.S. assistance to Bolivia than certification," Toro forecast.

Bolivia: Peasant Leader on Coca Crops, U.S. Certification

PY1103181696 La Paz LA RAZON in Spanish 3 Mar 96 p A12

[FBIS Translated Text] (ANF) [Fides News Agency] — Williams Condori, a Federation of Cochabamba Tropic Region Peasants leader, has noted that peasant trade unions from the Chapare region have decided "to voluntarily eradicate" 6,000 hectares of coca crops in 1996, on condition the Bolivian Government provides money for alternative development.

Condori explained: "We are willing to eradicate, but without any pressures or threats."

He noted that the Coordinating Board of the Five Trade Union Federations of the Cochabamba Tropical Region would resist the eradication of 6,000 hectares of coca if the government becomes involved again "in a large number of killings, injuries, and detainees as it did last year."

Condori added the U.S. "certification" involved "a high" social cost. He said: "Certification was achieved through bullets."

He noted that the U.S. Government has "a double moral standard" as it "blackmailed" the coca-producing countries, forcing them to eradicate coca crops, whereas drug abuse in the United States is increasing dramatically.

Bolivia: Ministry Official on Foreign Policy, Cuban Ties

PY1103173896 Madrid EFE in Spanish 2036 GMT 9 Mar 96

[FBIS Translated Text] Santa Cruz (Bolivia), 9 Mar (EFE) — Fernando Peredo, the Foreign Ministry under secretary for economic promotion, today emphasized that Bolivia will not sever its trade relations with any country of our continent as long as the current foreign policy remains in force.

Peredo's remarks were voiced at a time when the United States wants to approve a bill, the so-called "Helms-Burton" bill, aimed at hardening and spreading worldwide its blockade against Cuba which was imposed more than 30 years ago.

Peredo told EFE that the Bolivian Government's foreign policy is based on the principles of free trade, sovereignty, and independence. These principles permit Bolivia to have trade and integration relations with all the countries of the world, he said.

In this regard, Bolivia is also interested in enhancing its relations — not only its trade relations — with Cuba, Peredo emphasized.

Peredo added that, as long as this policy remains in force, Bolivia will not sever any trade relationship, even with a country like Cuba. Bolivia and Cuba are linked by diplomatic missions, but their trade level is insignificant.

Peredo said: "There are prospects for a much more significant level of exchange, including the technological cooperation that Cuba could offer to Bolivia, especially in the field of medicine, in exchange for other benefits that our country could offer to Cuba."

To achieve a more significant level of exchange, Bolivia and Cuba would have to overcome not only the limitations imposed by geographic distance and some communications problems, but also the blockade on the Caribbean island which the United States wants to harden.

Bolivia: President Returns, Views Andean Summit Efforts

PY1203033996 Madrid EFE in Spanish 1828 GMT 11 Mar 96

[FBIS Translated Text] La Paz, 11 Mar (EFE) — Bolivian President Gonzalo Sanchez de Lozada today underscored the political will to bring about change within the Andean Community (comprising Bolivia, Peru, Ecuador, Colombia, and Venezuela), created during the presidential summit, which was brought to a close in Trujillo (Peru) yesterday.

Sanchez de Lozada, who returned to La Paz today from Lima aboard a commercial flight, was received at El Alto International Airport by Vice President Victor Hugo Cardenas, the Council of Ministers, military officers, and other authorities.

During a news conference, the Bolivian head of state underlined the five Andean countries' will to effect changes so as to foster economic, political, and social integration within the Andean Community, whose organization is very similar to the OAS.

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Referring to the institutional reform that has transmuted the [former] Andean Pact into the Andean Community, an endeavor which will further an Andean Integration System (SAI) and subregional integration, the president said: "It is not the same chola [colloquial term used to refer to Bolivian mestizos] in a different skirt; it is a completely different chola."

The Bolivian chief executive stated that the five Andean countries' political will to consolidate economic, political, and social integration of the subregion was reflected in the Trujillo presidential summit.

The modifications of the Andean Pact, established in 1969 in the Colombian city of Cartagena, will become effective once the congresses of the five member countries ratify the Reform Protocol of the Cartagena Agreement, approved by the Trujillo summit.

The Andean Community, with a population of 100 million, has developed over the last 10 years buoyant economic and commercial ties among its partners, which aspire to consolidate a free trade zone in the forthcoming years.

Bolivia: Bank Head Resigns Over Campaign Financing Case

PY0803163996 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 8 Mar 96

[Report by Jorge Gimenez]

[FBIS Translated Excerpt] Heads are rolling over the scandal involving alleged irregularities in the financing of the ruling party's election campaign by some institutions. Central Bank Director Enrique Montano has resigned. Montano was accused by former South Bank Manager Jorge Cordova of having received contributions for the MNR [Nationalist Revolutionary Movement] election campaign. Montano said he only obtained a bank loan totaling some $700,000 for his business activities in agroindustry and mining. Montano also denied irregularities in his nomination as Central Bank director in 1993. Coincidentally, he was one of the authorities who ordered the liquidation of the failed South Bank, of which the former Central Bank director had been a client and debtor for many years. Montano believes the scandal of the so-called bank-links, which was exposed by Jorge Cordova — who is currently in jail for the bankruptcy of the South Bank — is politically motivated. This prompted him to resign. He said:

[Begin recording] It is my considered opinion that this is not a campaign against me, Enrique Montano. This campaign is being orchestrated against the incumbent administration with a view to destabilizing it. I think the remarks by this gentleman [Cordova] seek to thwart and to question the decision to liquidate and amalgamate that bank because obviously this gentlemen is facing charges and will stand trial, in which evidence will be presented to support the charges brought against him. Therefore, he is trying to damage the Sanchez de Lozada administration. This is clearly seen in the fact that he first said he did not remember why he gave Capitalization Minister Alfonso Revollo contributions and then said he gave me checks when I have never had any type of relationship with him. [end recording]

Montano acknowledged that his is a card-carrying member of the MNR and that it was thanks to his party that he became Central Bank director. He denied contributing money to the MNR election campaign. [passage omitted]

Brazil

Brazil: Daily Comments on U.S. Sanctions Against Cuba

PY1203025996 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Mar 96 p A3

[Editorial from the "Notes and Information" page: "The New Sanctions Against Cuba"]

[FBIS Translated Text] The Helms-Burton bill has renewed the framework of sanctions imposed by the U.S. Administration against Cuba and will upset U.S. relations with some of its leading trade and political partners. Pressured to sign the bill passed by Congress because of domestic issues and a difficult election in November, the White House will reinforce an embargo that has long become ineffective. It will probably be doing this at the expense of its good relations with foreign countries and citizens trading with Cuba in good faith. When it was originally imposed, the U.S. trade embargo on Cuba made sense, both as an attempt to strangle the socialist regime set up on the island and as a measure to prevent Cuba from exporting its revolution to other Latin American countries.

Now, more than three decades later, Cuba is not even succeeding in exporting its sugar, let alone its revolution. The Cold War is over and the island stopped being the spearhead of a powerful U.S. enemy. Fidel Castro remains in power. The impoverished conditions prevailing on the island have not eroded the dictator's power. The U.S. sanctions are punishing the Cuban people, not the Cuban dictator, who is using these measures to justify the Cuban economic hardships and the stagnation of the regime. Following the downing of the two planes, and in view of the political atmosphere prevailing in the United States, this would certainly not be a good time to lift the embargo on Cuba. Yet, it is not the time to tighten it either.

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Furthermore, because of their nature, the new sanctions are likely to provoke international tensions. Through these measures, the United States seeks to interfere with, or at least put pressure on, the foreign trade policy of other countries. The measures imposing sanctions on those trading with Cuba have every ingredient to disrupt U.S. relations with more than 80 countries. The sanctions will ultimately punish third countries, their companies and individuals included, but not Cuba. This will not yield any political benefit to the United States. Only the anti-Castro groups will profit, both politically and financially, from hardened U.S. actions. These measures will also affect the U.S. aid program to Russia by determining the reduction of that aid on the basis of the extent to which Russia has been aiding Cuba.

The new sanctions reflect the indecisiveness that has been the trademark of the U.S. policy toward Cuba. In recent times, U.S. presidents have been waiting for the "appropriate occasion" to lift the embargo. That occasion has never materialized. While the rest of the world has been trading with Cuba and has started to invest in Cuba, U.S. businessmen have been prohibited from doing the same. By shifting from direct sanctions on Cuba to sanctions on Cuba's trading partners, the United States has closed several windows of opportunity for bringing U.S. relations with Cuba to normalcy and has given a new pretext to Fidel to prevent political reforms from closely following the timid economic reforms he is being forced to accept.

Brazil: Cardoso on Expectations Regarding Trip to Japan

PY1203032696 Sao Paulo GAZETA MERCANTIL in Portuguese 8 Mar 96 p A3

[Article by President Fernando Henrique Cardoso]

[FBIS Translated Text] With my upcoming visit to Japan in March, I will be completing, within the first part of my presidential mandate, a cycle of trips to the three main world economic powers: The United States, Germany, and now Japan.

Of course presidential diplomacy is far from being limited to the economic aspect of relations between countries. Political, cultural, and consular aspects, among other subjects, are also discussed. In the case of the visit to Japan, for example, we will discuss a broader strengthening of ties with a country with whom we share old affinities, which begin with the Japanese contribution to the formation of our national population and, most recently, with the presence of Brazilian workers of Japanese ancestry in Japan.

However, in these current times of globalization, we must be aware of the fact that economic relations are the center of attention in the conversations of heads of state. In the case of Brazil, once the economy began to open to the international flows of trade, investment, and technology, the foreign scenario has progressed to being viewed as a field of opportunities instead of, as in the past, being considered a source of possible threat to our national interests.

The Real Plan was conceived and is being executed within the premise of an open economy in which foreign flows play an important role in successful stabilization of prices and resumption of investments. Stability associated with growth, both responsible for the success of the Real, as well as the approval of the constitutional reforms, have reinforced the international trust in Brazil's future at an important moment for us, Brazilians, when we have realized that we need foreign savings to accelerate our development pace. In order to accomplish this, we know that it is necessary to intensify the dialogue with the public authorities and businessmen of the countries that could contribute with the necessary capital. This is one of the principal objectives of my visit to Japan.

With this visit, we are opening a new stage in the relations between the two countries after a period of relative estrangement, especially as of the 1980's, when Brazil had to close to the rest of the world in order to solve its internal problems of democratization and institutional order, of frustrated attempts to curb inflation, and of redefining our historical development model. We will be strengthening ties with a country that played an important role in several large projects in Brazil, such as, for example, in iron and steel mills (Usiminas [Minas Gerais Iron and Steel Mills, Inc.] and Tubarao), in aluminum mills, in the development of agriculture in the dry grasslands [cerrado], in the Manaus electric-electronic center, etc. Japan, through its official agencies and banks, also contributed to financing Brazilian development in past decades, something that it is now resuming through its Eximbank, with which we will sign an important contract during my visit to Tokyo, and through its private capital market, for which Brazil is preparing an issuance of government bonds worth 30 million yen.

Japan is the second largest economy in the world and the one that, among the six largest world economies, grew most in the past 40 years. Japan's "success story" [preceding two words in English] is well known and it is not fit for me to review the elements that contributed to the great economic development of a country that, in a historically short period of time, rose from the rubble and debris of war to become a world economic power.

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Trade flows between Brazil and Japan have not reached their potential, particularly in terms of Brazilian exports to Japan, which increased little in the past six years, growing from $2.35 billion 1990 to nearly $3 billion in 1995, and whose composition is mainly comprised of basic products and minerals. Our imports from Japan, in turn, increased considerably during the same period of time, from $1.25 billion in 1990 to more than $3 billion in 1995, when Brazil registered its first bilateral deficit with that country during the mentioned period.

In the field of investments, the opportunities to be exploited are even greater. Brazil receives only 1.9 percent of the foreign investments made by Japan and it is the eighth country of destination of those investments; Japan accounts for nearly 7.9 percent of foreign investments in Brazil. These figures can and must be expanded, given the weight of the two countries.

This is the reason why I am taking to Japan the ministers of planning and budget, communications, and industry and commerce. The privatization and concession of public services in Brazil are opening promising opportunities for Japanese investments. Representative Brazilian businessmen will also accompany our delegation. It is important that the dialogue between the private initiative of the two countries be resumed, because they will be the ones who, in large part, will cause to materialize in concrete terms the opportunities that will likely strengthen the ties I will promote at a higher political level between Brazil and Japan.

Brazil: Cardoso Comments on National Inflation Rate

PY1203012396 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 11 Mar 96

[FBIS Translated Excerpt] President Fernando Henrique Cardoso has said in the United States that the annual inflation rate in Brazil this year will remain between 15 and 16 percent. Cardoso had breakfast with California businessmen this morning. [passage omitted]

Cardoso, who in 1971 was visiting professor for a year at Stanford University, returned to that campus today to open a Brazilian studies center and to receive the university's highest homage. He gave the annual lecture to a full assembly hall of students and professors.

President Cardoso departed for Japan late in the afternoon today. He will arrive in Tokyo tomorrow evening.

Brazil: Petrobras Signs Oil Platform Accords in Tokyo

PY1203012596 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 11 Mar 96

[Report By Marcos Chagas in Tokyo]

[FBIS Translated Text] Petrobras [Brazilian Petroleum Corporation] signed agreements with Japanese private companies for the financing of the construction of two oil platforms at the Campos basin, in Rio de Janeiro State, and for the construction of a hydration unit designed to improve the production of diesel oil at the Paulinia refinery in Sao Paulo. These three agreements signed by Petrobras with Japanese companies amount to a total of $520 million.

Petrobras President Joel Mendes Renno has also announced that he is negotiating with Japanese businessmen loans for the construction of a new refinery in the north or northeast region of Brazil.

Renno, who arrived in Tokyo yesterday, is holding negotiations with six Japanese companies. He noted that these multinational companies would participate in the process to select the state where the refinery would be located.

Renno will later join the entourage of President Fernando Henrique Cardoso, who is scheduled to arrive here tomorrow on a three-day visit to Japan.

Brazil: Government Seeks IMF Help for Financial Crisis

PY0803202596 Sao Paulo AGENCIA ESTADO in Portuguese 2358 GMT 7 Mar 96

[Report by Beatriz Abreu and Monica Izaquirre]

[FBIS Translated Excerpt] Brasilia, 7 Mar (AE) — In its quest for a solution to the financial crisis, the administration has decided to turn to IMF experts. Finance Minister Pedro Malan and Central Bank (BC) President Gustavo Loyola are now convinced that Brazilian laws are inadequate because they have not prevented cases like that of the Nacional Bank.

For the past 10 years, the bank of the Magalhaes Pinto family doctored its balance sheets to conceal its losses, yet BC oversight officials were unable to detect these irregularities. The IMF advisers who arrived last week at the invitation of the Brazilian Government will also analyze difficulties the country is facing in implementing a fiscal adjustment and bringing public spending under control. [passage omitted]

The BC primarily seeks to make the balance sheets of banks more reliable by showing to public the type of

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loan portfolio they have. The experts deem it necessary, however, to improve this type of supervision. Loyola today declined to comment on his discussions with the IMF experts because "they are still under way."

It has become clear, however, that Loyola does not share the views of some congressmen who favor assigning the banking oversight duties to an organization other than the BC. Malan's advisers endorse Loyola's position, noting that a similar attempt in the United States to conduct banking oversight operations outside the U.S. Federal Reserve had failed.

Brazil: Strategic Affairs Secretary on Globalization

PY0703193096 Rio de Janeiro O GLOBO in Portuguese 6 Mar 96 p 7

[Article by Strategic Affairs Secretary Ronaldo Sardenberg: "The Globalization Policy"]

[FBIS Translated Text] Whenever the globalization policy comes up for debate, two main elements come to the fore: A recognition of the fact that globalization exists and that it has established a new international order; and the concept that several countries could join the new globalized order. Globalization precludes expectations of political idleness or pre-established behavior.

The world has changed. So has our region. Brazil has changed its ways. Today's reality is different from that of a few years ago. The challenge for us is to make sure that we do not lag behind, both as a country and as a society, in understanding what is happening around the world.

We cannot cling to obsolete practices or concepts. There are no longer truly autarkic policies anywhere in the world. The USSR is now defunct. The socialist republics of the Eastern bloc have also disappeared. Cuba is taking real steps toward economic opening. China, Vietnam, and India are — each in its own way — trying to join the globalized economy. There are no alternatives to the globalized economy, except that of backwardness.

Just as a model of "perfect competition" does not exist — except in textbooks — "perfect globalization" does not exist either. This fact paves the way for various forms of regionalization, different partnerships with domestic or international capital, and different social and economic emphasis from one country to another. In other words, never before has the state assumed such an essential role in guiding and promoting the incorporation of each country into the international market. If this were left to the rules of the market, societies would be left at the mercy of volatile international financial flows and of the trends leaning toward concentration that are prevailing at this stage of capitalism worldwide.

New global predicaments are emerging and a new division in the world is in the making. The North-South division is encountering unexpected developments. Many Asian countries, which account for nearly half of the world's population, are progressing at such a speed that is heralding the narrowing of the north-south wealth gap. Increasingly large communities of immigrants are settling in several northern countries. Similarly, underprivileged minorities are emerging as a subclass that cannot be incorporated into the economies of those countries. The issue of unemployment is acquiring increasing significance in countries of the north, and efforts to promote the creation of jobs have become crucial for countries in the south. The fate of millions of people are linked to this problem.

The new south is divided into countries which participate in the process of creating wealth, which characterizes a globalized economy, and those which do not participate. China and the Asian tigers fit perfectly in the first category, while the 48 countries that today are considered extremely poor, especially African countries, fit in the second category. Like other Latin American countries and India, Brazil in an intermediate position: Strictly following a democratic path, Brazil seeks to overcome backwardness and to adjust its productive structure.

There are many reasons substantiating the decision to persevere in this effort. In our case, further implementation of our economic policy should promote the much desired stabilization — the early results of which have already become tangible — as well as the foundations for expediting economic development. The goals set by the Four-Year Plan (PPA) are clearly geared in this direction. What kind of political proposal could one possible make in light of this situation? In India, President Fernando Henrique Cardoso started to explore two courses of action: the endorsement of new ethics of solidarity, and the banner of common prosperity.

Regarding the emphasis on the ethics of solidarity, which Cardoso recently reaffirmed in Mexico, I can see one philosophical and two practical reasons. The philosophical reason challenges our imagination by proposing a necessary utopia; which proposes a better world for everyone, without exclusions of any kind.

Mankind can no longer be united only against certain forms of terror, such as the nuclear threat. The ethics of solidarity provides us with a humane, creative philosophical content. Both at home and abroad, the ethics of solidarity will strengthen principles and fair practices re-

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garding the distribution of economic opportunities (and their fruits).

The first of the two practical reasons is the fact that the revolution in communications — by effectively unifying or globalizing the world — has caused both economic achievements and problems, in terms of consumption desires, to reach the masses. The sociopolitical explosion in a closed society like the USSR, when it was attacked by the virus of democracy and consumption, is a good example of this.

The second practical reason is the fact that the capitalist system, which is today organized under an exclusive globalization format, is running the risk of falling into the black hole that it has created itself; that is, the saturation of demand in wealthy areas and the insufficient or nonexistent demand in poor countries. Coexistence of wealth and poverty at the global level is not a good omen and merits a true worldwide reflection in multilateral fora.

So, what about prosperity? Domestic and external partnerships must be strengthened and consolidated. New and differentiated international agreements promoting prosperity, which have been negotiated at different levels, will reconcile the interests of rich and poor countries. Although efforts in the quest for changed mentalities and obtaining results will have to be comprehensive and will take time, it is incumbent upon us to promote them.

Furthermore, domestic partnerships in Brazil are and will necessarily be widespread because they will involve states and municipalities, the private sector, and foreign capital. They will also entail talks with urban and rural workers, including landless peasants, which — despite all the difficulties — continue openly and behind the scenes.

Brazil: Article Views Dismantling of Nuclear Plant

PY0803230696 Rio de Janeiro JORNAL DO BRASIL in Portuguese 3 Mar 96 p 16

[Article by Tania Malheiros]

[FBIS Translated Text] Brazil is experiencing something unheard of in Latin America and strange in the rest of the world: It is decontaminating and dismantling a nuclear installation. It is the Santo Amaro plant (Usam) located in downtown Brooklin District, alongside Santo Amaro Avenue, in Sao Paulo. The Usam is controlled by the Nuclear Industries of Brazil (INB), which replaced Nuclebras [Brazilian Nuclear Corporations, Inc.]. There, in the middle of a residential area, the Usam used to carry out a chemical and physical beneficiation process involving monazite sands to extract several minerals of general industrial use plus uranium and thorium, which are strategic radioactive elements that belong exclusively to the federal government. The 16,000 square meters of land occupied by the Usam will be sold when the work is finished.

The INB will spend nearly 1 million reals [R] to carry out the whole operation. The expectation is to finish dismantling the plant by the second half of the year, as was promised to the Sao Paulo attorney general. The Usam is being dismantled by decision of the Strategic Affairs Secretariat (SAE). This information was confirmed by Alexandre Rodrigues, INB security, quality, and environment adviser. At least 50 experts in several security areas are directly working on this project.

Decontamination

Oliveira guaranteed that the plant is being dismantled and decontaminated respecting the security norms established by the National Nuclear Energy Commission (CNEN). Oliveira said that the decontamination process consists in intensively washing the place with water, and using chemical (acid substances) and abrasive methods (special brushes and sandpapers). He said that the Sao Paulo attorney general, through the environment curatorship, is following up on all the work. Besides this, the INB reports to the attorney general's office on the status of the process.

The decision to dismantle the Usam was made on account of two factors: Brooklin is a densely inhabited area full of residences and stores, and therefore requires strict environmental standards to continue operating. Besides this, its structural base, which was built in 1949, and several pieces of equipment became obsolete for the objectives for which the installation was intended.

The Usam still houses nearly 500 tonnes of uranium and thorium, also known as Cake II. The INB is waiting for CNEN authorization to transfer the Cake II temporarily to the Interlagos Plant (Usin) warehouse, in southern Sao Paulo. Later on, the uranium of the Cake II will be transformed into yellow cake (beneficiated uranium) in the Pocos de Caldas industrial complex in Minas Gerais, to be used in the process of manufacturing nuclear fuel for Angra 1, which is operating, and Angra 2, which will begin operating in 1999.

The INB currently has 1.5 tonnes of Cake II in the Pocos de Caldas complex. About a year ago, the INB attempted to send the Usam Cake II to Pocos de Caldas, but a court order prevented this. Although the court order has been suspended, the INB prefers to first process the material already stored there (separate the uranium from the thorium) to immediately transfer it to

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a secure destination: the Usin. Oliveira said that since the thorium separated from uranium in the Usam plant is not used in Brazil, it will be kept as part of the Brazilian strategic material.

Waste

Nearly 70 percent of the internal area of the Usam installations has already been decontaminated and dismantled. Everything is being made with national technology and radiation detection and monitoring equipment, some of which is imported. Electronic panels and new furnaces and boilers are being transferred to other INB installations.

In the Buena mill in Sao Joao da Barra, Rio de Janeiro, the INB is extracting from monazite sands other minerals like monazite, zirconium, ilmenite, and rutile, which are used by several industries. However, monazite — which is also made up of lanthanum — has a commercial value in the nuclear market because it contains uranium and thorium. Therefore, the important minerals obtained in Buena used to be sent to Usam, where they were beneficiated and transformed into Cake II. The INB is investing R300,000 in the Buena plant. This unit was at a standstill, but it recently began preoperational tests to evaluate the performance of the new equipment purchased by the INB. The physical separation of the monazite sands will be done in Buena, while the chemical treatment of the monazite, which generates Cake II, is still being studied by the INB, Oliveira said.

Once processed, the monazite sands produce another material which is also radioactive and which currently has no value: radium. In the past, radium was used fairly frequently in cancer treatment equipment. However, with technological progress, radium was replaced as a source by other more efficient radioactive elements like cesium-137 and cobalt-60. The Usam also has 73 tonnes of radium that will be sent to Usin. Without having any use for it, the CNEN is considering the radium in its studies on radioactive waste storage in Brazil.

Brazil: CNEN Head on Export of Nuclear Weapon Components

PY0803221396 Sao Paulo GAZETA MERCANTIL in Portuguese 5 Mar 96 p A6

[Article by Silvio Ribas in Belo Horizonte]

[FBIS Translated Text] Jose Mauro Esteves dos Santos, president of the National Nuclear Energy Commission (CNEN), has discarded the possibility that Brazil will export any component for the manufacture of nuclear weapons, which goes against the current trend of Brazilian diplomacy. The scientist made this assertion in Belo Horizonte on 4 March, during a debate organized by CNEN. The remarks were made while commenting on Brazil's candidacy for admittance into the Nuclear Supply Group, which is headquartered in London.

The issue was debated due to U.S. Secretary of State Warren Christopher's support for Brazil's admittance into the group — which has 30 associated countries, including France and Argentina. Christopher expressed his support for the idea on 1 March, when he signed the Brazil-U.S. cooperation accord for the nuclear area. Santos said that Brazil's acceptance into the group has not been confirmed and that the country is holding negotiations to this end, independent of U.S. support. "We are talking about a restricted market, comprised only of the members of the Supply Group, which seeks to complement these countries' production," he added.

In 1996 the CNEN celebrates the 40th anniversary of its founding. The CNEN president revealed that the organization dedicated the entire year of 1995 to defining the partnership work to be conducted with the Supply Group, and to more closely approaching the group. This year, the CNEN plans to again center its efforts on the generation of thermonuclear energy, which is the main project of the Brazilian nuclear program. "It doesn't matter whether we are going to build nuclear plants with national or foreign technology. Our main challenge is to define who our clients will be, instead of creating imaginary clients, as we did in the past," Santos said.

Brazil: Cardoso Describes CPI Efforts as 'Inopportune'

PY0803184896 Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Mar 96 Section 1 p 7

[FBIS Translated Text] President Fernando Henrique Cardoso announced yesterday, through Presidential Spokesman Sergio Amaral, that a Congressional Investigative Committee, CPI, on the financial system is "inopportune" because it will be carried out at the same time as the Central Bank investigation on the same issue. He added that it is also "inconvenient" because it could create instability, insecurity, and risk in the market.

Amaral said Cardoso will not place obstacles on the work of the committee if it is installed. He said the president will supply the information that is necessary even if he considers there are risks.

Amaral added that Cardoso considers the decision to install a CPI a "political" move, because there is no technical justification or objective for such an investigation at the moment. The presidential spokesman said

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the CPI will shift "attention from the constitutional reforms" to the banking issue.

Amaral said the president hopes Congress will install the CPI after the Central Bank finishes its investigation on the Nacional Bank frauds, if it does not meet its expectations.

The presidential spokesman said that if the CPI wants to really clarify the fraud circumstances "it must go back and not limit itself just to 1995 and 1996."

Amaral said that so far the financial market is reacting calmly. Cardoso was concerned with news on the creation of a CPI and spent the whole day following up the crisis.

He twice interrupted a less than 20-minute audience with five Chinese labor leaders and Union Power President Luiz Antonio Medeiros to receive telephone calls.

Medeiros said that Cardoso was also concerned with what was happening at the Senate (were the installation of a CPI has been approved).

Brazil: Daily on Cardoso 'Retaliation' Against PSDB

PY0903033296 Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Mar 96 p 1

[FBIS Translated Text] According to presidential spokesman Sergio Amaral, President Fernando Henrique Cardoso said on 7 March that he would put Brazilian Social Democracy Party [PSDB] members who have betrayed the administration on a "bread and water" diet. He added that after the defeat in the Chamber of Deputies of the proposal for the social security area reform and of the approval in the Senate for the establishment of a Congressional Investigating Committee [CPI] to look into the banking system crisis, Cardoso did not even discard the hypothesis of dismissing some ministers. During the ceremony in which Cardoso launched the National Tourism Policy, President Cardoso warned the unfaithful that the people "are tired of electoral opportunism and of those who become afraid of big problems." Later on, he looked optimistic and said: "No way. A new and fairer Brazil is already in sight." Cardoso made a point of saying that when he mentioned wasps in his speech earlier this week, he did not mean to refer to Senator Jose Sarney. In Rio de Janeiro, Sarney, who is the author of the book "Wasps of Fire," defended, at the wake of former Senator Magalhaes Pinto, the need to organize a CPI. Ironically, Sarney made very nettling comments: "I am not running for reelection, nor have I a compulsion to run for the presidency of the Republic." The stock markets reacted nervously to the news of the opening of the CPI on banks. The share prices have dropped as much as 5.2 percent.

[Brasilia Voz do Brasil in Portuguese at 2200 on 8 March, in a related report, adds: "Late this afternoon, presidential spokesman Sergio Amaral categorically discarded the possibility of a cabinet reshuffle. Amaral also denied the news that the administration would retaliate against congressmen who voted no to Deputy Euler Ribeiro's report this week. Amaral reported that Cardoso's warning about retaliation referred to PSDB congressmen."]

Brazil: Cardoso Asks For 'Good Sense' in Economic Efforts

PY0803163796 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 8 Mar 96

[FBIS Translated Text] President Fernando Henrique Cardoso has insisted that Congress act in a responsible manner. He said the economic stability must not be affected by subjects of minor importance for the country.

The president yesterday received at Planalto Palace a group of northeastern congressmen who seek more investments in their region. Cardoso asked them to be serene and not to upset the calm of the country with minor matters.

[Begin Cardoso recording, in progress] ...and to conclude, I want to ask you the following. We need to maintain the economy working in a stable condition, with a strong currency, investments, and calmness. Without this, we will not [words indistinct]. This is essential. We must all maintain a constructive attitude to build a new Brazil. We are very aware that without economic stabilization, other things will not develop, as they did not develop for many decades. [end recording]

Cardoso said if everyone maintains good sense and can distinguish between national and biased interests, Brazil will develop.

[Begin Cardoso recording] We are almost there. We are about to take a big leap. Let us not be upset by minor matters which seem like the guiding light but which could be really dangerous. If we maintain our good sense and ability to distinguish between national and biased interests, — which is something I think we do — we will then perhaps get there. Brazil, but particularly the northeastern region, is a symbol of a social democratic party. Thus, when a better standard of living is registered in the northeast, Brazil will be very happy. [end recording]

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The group of northeastern congressmen who met with the president included Antonio Carlos Magalhaes and Ney Suassuna who at the beginning of the week engaged in a fist fight on the floor of the Senate.

Brazil: Army Debt Said Affecting Payments to Suppliers

PY1203012696 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 11 Mar 96

[FBIS Translated Excerpt] The Brazilian Army is submerged in debts. Army suppliers have not been paid for the past five months. Overdue debts surpass 100 million reals [R]. The Army purchasing system is no different from that of other ministries. Its budget is approved by Congress and its resources are released by the National Treasury Secretariat. Purchases are planned and carried out through bids. It seems simple, when everything turns out alright. However, the Army currently owes its suppliers R120 million. Its debt with suppliers in Rio de Janeiro alone amounts to R35 million.

The Army Ministry has confirmed its delay in paying its suppliers and claims that the National Treasury Secretariat is not approving a loan for it. According to the Army Ministry, the liberation of this credit would pay for the purchased goods, but this is not taking place. According to the Army Ministry, the Army has not been paying its suppliers since last November.

Without receiving payment from its main client, many small suppliers claim they are buried in debts. This includes providers of office supplies, uniforms, cleaning materials, and foodstuffs. [passage omitted]

Brazil: Details of Petrobras Role in Petroleum Sector

PY0603200596 Sao Paulo GAZETA MERCANTIL in Portuguese 22 Feb 96 p A6

[Report by Isable Versiani]

[FBIS Translated Text] In line with President Fernando Henrique Cardoso's promise to Congress, the petroleum monopoly amendment — which the executive branch has not yet submitted to Congress — grants some broad rights to Petrobras [Brazilian Petroleum Corporation]. First, they place under Petrobras control all the sedimentary basins and refineries that are already being exploited. It also gives Petrobras the right to prospect for oil — for three more years — in areas where indications of the existence of oil were found.

The proposal also gives Petrobras priority in tenders in which it participates. Thus, if the state-run company ties with another enterprise having the same technical qualifications, Petrobras will be declared the winner. To help the enterprise participate in tenders, the government also intends to give more flexibility to Petrobras, for example, allowing it to contract services or purchase material without having to observe tender regulations.

For new enterprises joining the sector, the term for concessions for the exploitation of sedimentary petroleum basins will be three years, renewable for another two years. Refineries and dealers will be free to import and export petroleum and gas, provided they do not affect domestic market needs and provided they do not harm the country's refining capacity. To this end, enterprises will need an authorization granted by the new regulatory organ, which will be created by law: the The National Petroleum Department (DNP), which will also analyze the construction plans of the new refineries.

PETROLEUM

Sector	How it was	How it will be
Petrobras	It had the petroleum exploitation monopoly.	It remains under Union control, but in competition with private enterprises.
Refineries	All refineries were under Petrobras control.	Existing refineries remain under Petrobras control. New refineries may be private, but the plans must be presented to the regulatory organ.
Sedimentary Basins	All of them under Petrobras control.	Those exploited remain under Petrobras. Non-exploited basins will be assigned through tenders.

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Sector	How it was	How it will be
Prices	Under government control.	Prices will be liberated one year after approval of the law.
National Department of Fuels (DNC)	The DNC is temporarily responsible for controlling fuel distribution and prices.	It will be regulatory organ, regulating and controlling. It will be called the National Petroleum Department.

Brazil: Regulations Restrict Domestic Shipping Amendment

PY0603200696 Sao Paulo GAZETA MERCANTIL in Portuguese 22 Feb 96 p A6

[Report by Isabel Versiani]

[FBIS Translated Text] The domestic shipping regulations proposed by the government give little opportunity for foreign exploitation of the sector. For cargo transportation, regulations establish that foreign ships may only operate between ports on the sea coast or on rivers if hired by Brazilian ship owners, and only if no appropriate Brazilian ships are available or in cases of public interest.

Foreign ships will be allowed to transport cargo between Brazilian and foreign ports on the basis of reciprocity. That is, if a country allows Brazilian ships, coming from other countries, to anchor in its ports, Brazil will automatically give that country the same treatment. Advocating this amendment last year, Transport Minister Odacir Klein said authorization based on reciprocity is essential for integration within Mercosur [Common Market of the South].

The amendment that ended the constitutional monopoly of domestic shipping was voted on 15 August 1995. Its regulations were submitted to Congress in October, but lawmakers have not yet started to analyze them. The regulations are not being considered a priority. During the voting on the economic order amendments, this amendment caused less controversy within the committees. Until the regulations are approved, foreign ships may only carry passengers.

Services	How They Are Today	How They Will Be
Cargo Transport Between Sea Ports	Limited to Brazilian ships. The Constitutional requirement was lifted. Restrictions on foreigners will be set by law.	May be rendered by foreign ships if hired by Brazilian ship owners, and if no Coast appropriate Brazilian ships are available, or in cases of public interest.
Cargo Transport Between International Ports	Limited to Brazilian ships. Regulations for foreign ships must now be issued.	May be handled by ships from all countries, based on the principle of reciprocity.
Domestic River Cargo Transport	It was constitutionally forbidden for foreign ships.	The same principle proposed by the government for sea cast ports will apply.
Tourism, Recreation, Sports, Ships on Sea Coast	Transportation was limited to Brazilian fishing ships. Now open to foreign ships.	No regulations.

Brazil: Investment in 1996 May Be Halved Due to Deficit

96SM0122A Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Feb 96 pp 1-8

[Article by Sonia Mossri, Liliana Lavoratti, and Carlos Alberto Sardenberg: "Union To Invest Half of Planned Amount"; introductory paragraph in italics as published]

[FBIS Translated Text] *The reason is the deficit of over 2 billion reals in the accounts for January and overestimated tax collections.*

Brasilia—The deficit of over 2 billion reals for January as recorded by the Treasury plus the overestimated tax collections for 1996 are now leading the government to plan a cut of nearly 50 percent in the investments called for in this year's budget.

Of the 8.3 billion reals planned, 4 billion reals will actually be made available. Overestimates are normal, but there has been a drop in collections.

The budget cuts—the budget has not yet been approved by Congress—are to be selective, and that is a difficult task in an election year.

Planalto Palace wants to keep projects that generate jobs, examples being highway construction and irrigation programs, as well as investments in the health area.

In practice, all the ministries will have to set new goals for 1996, examples being kilometers of road restored, services as part of the United Community program,

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hospital construction, and reequipment of the Armed Forces.

The government is concerned about the repercussions on the IMF and the foreign market in general of the deficit of nearly 20 billion reals in the 1996 budget—a deficit being projected by the economic team itself.

That deficit is said to be the result of the drop in tax collections—it being projected that the expected volume of taxes will not be collected because of slower economic growth—higher government payrolls, and the probable rejection of the CMF (tax on financial movements), which would inject 6 billion reals into the health sector.

But that deficit will probably not occur because the government does not intend to jeopardize the stability of the Real Plan. That is why the cutbacks are already being examined.

The only appropriations to escape cutbacks will be those for paying government employees (40 billion reals), transfers to states and municipalities (30.1 billion reals), and payment of the Union's financial obligations (132 billion reals)—meaning, basically, the rollover of domestic debt instruments and the payment of interest and principal (the original amount of the debt) on foreign debt.

Even the upkeep of the administrative machinery (contracting for the services of third parties and the payment of telephone and utility bills) is being carefully examined for possible cuts.

The deficit is one of the main issues at meetings between congressmen on the Joint Budget Committee and the team appointed by Ministers Jose Serra (Planning) and Pedro Malan (Finance).

The rapporteur for the budget in Congress, Deputy Ibere Ferreira (PFL [Liberal Front Party]-PMDB [Brazilian Democratic Movement Party]), says that the administration itself is reviewing its estimates of tax collections as contained in the budget.

Ferreira and the president of the Joint Budget Committee, Senator Renan Calheiros (PMDB, Alagoas) have suggested to Serra that President Fernando Henrique Cardoso send Congress a message explaining the need for cuts.

Officially, the Ministry of Planning has announced that budget cuts have not yet been decided on because the economic area is waiting for Congress to pass the 1996 budget.

The Ministry of Planning claims that it is necessary to wait for the changes that the congressmen will introduce into the budget, one example being a probable increase in investment volume over the amount included in the bill prepared by the executive branch.

Payroll Unchanged From December

Brasilia—Murilo Portugal, secretary of the National Treasury, told FOLHA DE SAO PAULO the day before yesterday that the deficit in January might amount to "over 2 billion reals." He attributed the deficit to "the payroll" for government employees.

Personnel expenditures also put pressure on the January accounts.

However, that item remained unchanged from its December level, when the Treasury disbursed 4.827 billion reals.

One of the main reasons for the deficit in the Federal Government's January accounts was interest expense on domestic debt, which last month was twice the average for 1995.

The deficit will probably amount to at least 2.5 billion reals.

According to preliminary data from the Ministry of Finance, the government disbursed about 1.4 billion reals in January to roll over the public securities debt (securities in the hands of the public).

The total was 563 million reals last December.

The interest expense was due to the torrent of dollars flowing into the country last January. That influx led the government to take steps to restrict foreign currency.

The drop in federal tax collections also contributed to the deficit.

A preliminary analysis by experts at the Ministry of Finance attributes the drop in tax collections to various factors, chief among them the change in IR [income tax] collections (see below).

Another reason was the new system under which banks transfer tax collections.

In previous years, taxes collected on the last working day of the year were transferred to the Treasury the following January.

Last December, for the first time, the banks transferred to the Treasury fund at least 70 percent of the taxes collected on the last working day of the month (28 December).

Income Tax Collections Cause Concern

Income tax collections have become one of the administration's main concerns.

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Preliminary estimates by the Federal Revenue Office indicate a drop of 5.5 billion reals in comparison with the 37.4 billion reals called for in the 1996 budget—, which has not yet been approved by Congress.

That 14.7-percent drop is the result of a combination of various factors. The main one is the fact that the economic team no longer expects economic activity to grow by four percent this year.

The new forecast is for three percent. With the economy growing more slowly, the government will collect less in taxes than was forecast in the budget.

In addition, it is estimated that reducing the average rate from 25 percent to 15 percent—due to changes in the corporation income tax—may have a negative impact on collections.

The reduction in IR collections includes both personal and corporation income taxes as well as taxes withheld at the source.

Actually, the Federal Revenue Office is reevaluating its entire program for collecting taxes, although it is not admitting the fact officially.

That activity is considered a privileged matter by the government, and even the Joint Budget Committee in Congress has not obtained formal access to the new estimates.

Revenues Off to a Bad Start

The Federal Revenue Office has started off the year by collecting very little. Collections for January, although forecast at 7.7 billion reals, totaled only 7.1 billion reals. That is less, in real terms, than was collected in January 1995.

That is a bad start, especially since the Federal Revenue Office is predicting that collections for this year as a whole will show an inflation-adjusted increase of four percent over 1995.

The Revenue Office will now have to make up a big gap. Doing so is possible—it has 11 months in which to do so—but "a yellow light has come on," says economist Raul Velloso, an expert on government accounting.

In January of last year, federal tax collections totaled 6.68 billion reals in January 1995 reals. Adjusting that figure by 15.3 percent, which was the inflation rate as measured by the IGP [general price index]—the measure used by the Revenue Office—collections in January 1996 should have reached the predicted 7.7 billion reals.

The Federal Revenue Office was hoping merely to offset inflation with no real gain over 1995.

Since the result was below that—a nominal gain of only 6.3 percent—the indication is that last month was exceptionally bad.

But to evaluate the causes, says Velloso, it is also necessary to wait for the report on revenues broken down by item.

On the expenditure side, according to Velloso, the government's accounts behaved as expected: expenditures were high.

Brazil: Banerj May Be Sold by Year's End

96SM0122B Rio de Janeiro JORNAL DO BRASIL (Business Section) in Portuguese 13 Feb 96 p 13

[Article by Fernando Thompson: "Banerj May Be Sold by December"; introductory paragraph in boldface as published]

[FBIS Translated Text] **Rio de Janeiro's government and Bozano, Simonsen, which currently manages the bank, have started defining the privatization model.**

The Rio de Janeiro State Bank (Banerj) may be sold by December. State Secretary of Planning Marco Aurelio Alencar says he has already begun talking to the Bozano, Simonsen Bank, which has been managing the state bank since 2 January, about formulas for the privatization model. "We will have Banerj's books straightened out by June. In the second half of the year we will devote ourselves to preparing for its sale, which I feel will take place by December."

Marco Aurelio held a meeting last week with Paulo Ferraz, president of Bozano and chairman of the Banerj board of directors, to deal with a delicate matter: payment of the approximately 340 million reals owed to the state bank by the state government. The secretary says that an audit will be conducted to determine the exact size of the debt, but there is already agreement on two points. The first is that the government will pay part of the debt in cash. The remainder will be renegotiated to provide longer periods for repayment.

Marco Aurelio has given up the idea of an agreement along the lines of what was done by the Central Bank (BC) and the Sao Paulo government to rescue Banespa [Sao Paulo State Bank]. "It will be difficult to get that approved in Congress."

Under that agreement, the Sao Paulo government will hand over property in exchange for half of the debt it owes its bank (14 billion reals). The rest will reportedly be exchanged for National Treasury securities.

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Models

According to the secretary, talks have already begun to decide on the model to be adopted for privatizing Banerj. It is possible that part of the idea behind what was done in the case of the Economic and National Banks will be adopted. "We are thinking about separating the good part, which will be sold, from the bad part, which will remain with the state."

The good part of Banerj includes its current 196 branches and 1.9 million checking and savings account holders. Marco Aurelio does not yet know whether that group, which includes several firms such as an insurance company and a meal voucher firm, will be sold as a unit or broken up. The bad part includes the state government's debt, over 1 billion reals in liabilities related to the employees, and a few fines imposed by the BC.

Deficit

Marco Aurelio believes that the government will collect nearly 500 million reals from the sale of Banerj. "A lot of people are interested in taking over the bank," he says with a smile on his face. That is not much, considering the size of the state bank's 1995 deficit, which, as predicted in Saturday's edition of the JORNAL DO BRASIL, totaled over 2.2 billion reals.

In the opinion of Lieutenant Governor Luiz Paulo Correa da Rocha, it is still too early to know whether Banerj's operating results for last year will harm the privatization process. "We cannot make a simple analysis of the balance sheet without taking into account the fact that the Bozano, Simonsen Bank took over the bank's management in January. Six months from now, the six-month balance sheet will show better figures," he says.

Price Waterhouse Confirms Increased Deficit

Douglas Woods, manager of the Price Waterhouse office in Rio de Janeiro and one of those in charge of auditing the Rio de Janeiro State Bank, confirmed yesterday that, as predicted in Saturday's edition of the JORNAL DO BRASIL, his firm would not issue an opinion on the state bank's 1995 balance sheet. "That is a normal thing when we audit a firm in difficulty, such as Banerj," he explained.

Woods said that the bank's negative net worth had actually grown worse during the last six months of last year, but he declined to say whether it exceeded the deficit of 2.2 billion reals. According to the manager, the figures have not yet been finalized, and it will be two weeks before the firm completes its analysis.

Difficulties

The manager said that the balance sheet would in fact give an indication of the difficulties that Banerj will face in continuing to exist with such a large deficit. But Woods was careful to say that there are no problems between Price Waterhouse and the Bozano, Simonsen Bank. According to him, work with the new managers is proceeding normally. "We are working on the balance sheet together, and we expect to issue Banerj's 1995 balance sheet at the beginning of March."

Concerning the various notes that Price Waterhouse will append to the Banerj balance sheet, Woods says that an audit must function as a kind of watchdog for the small investor who does not participate in a firm's management. "It is our duty to call attention to inadequate reserves or other problems existing in the balance sheets," he said in conclusion.

Brazil: BC Concerned Over Excess Dollar Inflows

96SM0122C Rio de Janeiro JORNAL DO BRASIL (Business Section) in Portuguese 13 Feb 96 p 12

[FBIS Translated Text] **The inflow during the first nine days of this month totaled $1.9 billion. Yesterday the Central Bank again took action, but with a light touch, in the field of foreign exchange.**

Brasilia—The large volume of foreign money entering the Brazilian stock market is worrying the government, which fears the formation of a speculative bubble in the capital market. According to official data released by the Central Bank (BC) yesterday, $1.9 billion entered the financial market during the first nine days of this month. Deducting the amount of money sent abroad, the market was left with $928 million, more than half of it for the stock market.

In February of last year, the country lost dollars—just under $1.5 billion—instead of attracting them. Of that amount, $34 million left the stock market. The number of dollars entering the country during the first few days of February is considered "extremely high" by a member of the economic team. The bubble in Brazilian shares may be a perverse effect of foreign investment in the stock market.

Speculation

According to experts at the BC, the ideal thing would be for those funds to be diluted by their investment in new securities issued in the market to finance investments or restructure the debts of the firms—in other words, their investment in medium- and long-term projects, preferably in the productive sector so as to hinder their

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departure for purposes of speculation, a very quick operation.

The experts attribute such speculative movements to uncertainty with respect to the government. "There is a perception that the rules of the game change frequently," explained an adviser to the team. Although the need to ensure stable rules hampers the adoption of new measures, the experts say that higher stock prices combined with the prospects for relatively lower profits from those investments will probably reduce the profitability of the stock market in the future.

Shares in Government-Owned Firms

Shares in Brazil's large government-owned firms are selling in the stock market at low prices and offering high profitability in comparison with other countries. A survey conducted by Opportunity, for example, shows that between January and the 8th of this month, the dollar profitability of shares sold in Brazil was 22.69 percent, compared to 12.84 percent in Mexico and 9.23 percent in Argentina. A government economist comments: "The plan is to wait and see what the trend is with those investments."

In the opinion of Francisco da Costa e Silva, president of the Securities and Exchange Commission (CVM), the flow of foreign funds into the stock market can be controlled. "There is no way that $1 billion is going to enter the stock market. But if it did, the Central Bank would be able to calibrate the flow," he says. While denying that new measures would be adopted, a director of the Central Bank also did not evade the responsibility to adopt such measures. "We have never said that we would not take action in the stock market."

Excluding the stock market, profits from financial investments due to the difference between real domestic and foreign interest rates have now declined considerably, according to the Ministry of Finance. Such profits totaled four percent per month in the middle of last year but are now down to 1.9 percent.

Carnival

As of last Friday, the flow of dollars into and out of both the financial market and the commercial market (exports and imports) netted Brazil about $1.5 billion, and a lot more will probably be received this week. According to Joubert Furtado, head of the Department of International Reserve Operations at the Central Bank, the week before Carnival is atypical because many transactions are moved up in anticipation of the holiday. But that early movement of funds worries the economic team, which is adopting selective measures such as the taxation of speculative capital to reduce the flow of foreign capital.

The reason is that the government is not interested in seeing a large inflow of foreign funds because such a development forces it to issue securities to exchange reals for dollars, a step that increases the public debt, which is more expensive than the profit from those dollars. The torrent of dollars also puts pressure on the government to increase the value of the real, a move that has a bad effect on the performance of exports.

Chile

Chile: Bill on Human Rights Violations in Cuba Approved

PY1203025796 Santiago LA TERCERA DE LA HORA in Spanish 7 Mar 96 p 7

[FBIS Translated Text] No one would have thought it possible, but it did happen. A motion by Independent Democratic Union Deputy Ivan Moreira was broadly supported by the Christian Democratic Party and all the rightist sector. Moreira submitted a bill of agreement that condemns human rights violations in Cuba, referring to the death of the pilots of the civilian planes that were shot down recently. The motion was approved by 40 votes, with 11 abstentions, which correspond to the Socialist Party and to the Party for Democracy [PPD], and the opposing votes by Guillermo Ceroni (PPD), Maximiano Errazuriz (National Renewal), and Sergio Morales (Radical Party). The document supports the manner in which the government reacted in this case, and the text of the document will be sent to the U.S. Embassy and to "Brothers to the Rescue," an anti-Castro organization to which the pilots belonged.

Chile: Government on Progress of Mercosur Negotiations

PY1003233596 Santiago EL MERCURIO in Spanish 7 Mar 96 p C2

[FBIS Translated Text] Government officials agree that progress has been made on the differences that still prevail with the members of the Mercosur [Common Market of the South] regarding the Chilean entry into this economic group.

This issue was thoroughly evaluated yesterday by the Inter-Ministerial Committee of Economic Relations that met in the Foreign Ministry to study the strategy to be followed in the upcoming round of negotiations. The meeting was attended by the ministers of the economic area and several Foreign Ministry officials.

After the meeting, International Economic Relations Director Carlos Mladinic said: "Of the 12 points of

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disagreement, we can now talk of 10 points after the meeting held in Buenos Aires, where complicated issues such as access to markets were overcome." He said that trade in the Mercosur is already getting close to $5 billion.

He said that the access to markets is an important issue, and that the one related to products has already been resolved. Great progress has already been made on the other issues, and the tariff reduction term is now under discussion because there are products that are more sensitive and require a longer period for tariff reduction.

Foreign Minister Insulza said that the negotiations are on the right path and that an agreement is expected in the next few weeks.

Agriculture Minister Emiliano Ortega disagrees with the idea of concentrating the debate only on agriculture when there are also problems regarding products such as sugar and motor vehicles.

Chile: UDI Leader Chadwick Supports Agreement With RN

PY0903033796 Santiago EL MERCURIO in Spanish 27 Feb 96 p C1

[FBIS Translated Excerpt] A first and timid sign that opens the possibility of reorganizing the center-right political coalition emerged yesterday after a high-ranking leader of the Democratic Independent Union [UDI] expressed support for an agreement with the RN [National Renewal] for a common opposition proposal on an eventual constitutional reform.

The position expressed by Deputy Andres Chadwick, who is one of the UDI vice presidents, occurs five months after relations in the sectors of the right were "frozen" due to the UDI categorical rejection of the RN position regarding the constitutional reform proposed by the government and which the RN was willing to study.

Chadwick, taking a position which he labeled strictly personal, but one he hoped his party would accept, said that the first priority for the UDI is to have unity of the opposition. And in this regard, he said he was willing to open a path on which RN could lead its reform proposals but without stopping the joint work of the center-right group.

Within that framework, Chadwick emphasized that the challenge to rebuild the Union for Chile Pact has two basic aspects: To reject the government reform proposal, which reporters label the "Frei Proposal" in its two versions, and to draw up a common proposal by the opposition alliance on the same issue. [passage omitted]

Roberto Ossandon, acting RN president, said yesterday that the new UDI position, expressed by its Vice President Andres Chadwick, regarding the reorganization of the Union for Chile Pact is very valuable.

Ossandon added that despite the fact that Chadwick's comments contradict the comments expressed by Ivan Moreira on 23 February, it is positive because it projects a better future for the center-right. [passage omitted]

Chile: National Renewal Dissident Group Supports Chadwick

PY0903034496 Santiago EL MERCURIO in Spanish 28 Feb 96 p C3

[FBIS Translated Excerpt] The dissident group of National Renewal [RN] received with satisfaction the flexibility shown by the Independent Democratic Union [UDI] to reorganize the unity of the center-right and to take this sector out of its current confusion.

The so-called RN "hard-liners" expressed their full support for the new UDI position, which was revealed by its vice president, Deputy Andres Chadwick, who acknowledged the possibility of reaching agreements on how to improve the Constitution based on the so-called "Ferrada Proposal," which has as its basis the rejection of the reform proposals made by the government.

Deputy Alberto Cardemil, one of the leaders of the anti-reform group within RN, pointed out yesterday the importance of the comments made by UDI Vice President Deputy Andres Chadwick by saying "it is a move in the right direction" to reorganize the opposition pact, and to put an end to the existing confusion, "which is creating indignation among the party electorate." [passage omitted]

Chile: Minister Rejects Amnesty International Report

PY0803190496 Santiago Universidad Catolica Television Internacional in Spanish 0000 GMT 8 Mar 96

[FBIS Translated Text] Interior Minister Carlos Figueroa expressed the government's annoyance at the release of a report by Amnesty International on the situation of human rights in Chile. The government did not like the attitude of an Amnesty International delegation that came to Chile from London. Amnesty International yesterday released a document that basically criticizes the Figueroa-Otero proposal, since Amnesty International considers it promotes impunity in face of human rights violations because those accused of committing human rights violations would not be tried and the judicial investigations would be

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limited to finding the remains of the missing people. Figueroa said:

[Begin recording] I cannot understand how an international organization could have prepared a report without having come here to speak to anyone from the government. I think the report is quite unfair in that aspect. (words indistinct) the Chilean state, the judicial branch, the police, Congress, and the government. [end recording]

Minister Figueroa stated that the delegation which visited Chile only comprises Amnesty International employees and not their leaders whom the government respects.

Colombia

Colombia: Armed Forces Commander Zuniga Resigns

PA1103213396 Mexico City NOTIMEX in Spanish 2050 GMT 11 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 11 Mar (NOTIMEX) — Government sources have announced that General Camilo Zuniga, commander of the Colombian Armed Forces, resigned today from the post he has held since 1994.

Zuniga, mentioned on a list of generals to whom the United States was planning to deny visas because of their alleged ties to drug trafficking, presented his resignation in a letter to President Ernesto Samper.

Colombia: Commander Submits Resignation to Samper

PA1103234896 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2251 GMT 11 Mar 96

[Report by Luis Eduardo Maldonado from Narino Palace]

[FBIS Translated Text] Citing personal and private reasons, the commander of the Colombian Armed Forces this afternoon submitted his letter of resignation to President Ernesto Samper Pizano, who immediately responded to the letter and accepted it.

The high-ranking officer stated the following in his letter of resignation:

As general of the Republic, a distinction which I received more than a year ago, I am attentively informing you of my irrevocable decision to withdraw from the active service of the Army. Consequently, I am resigning as commander of the Colombian military forces, the rank I currently have.

Meanwhile, Samper stated the following in his letter of acceptance: The convincing, personal reasons you explained to me in the last few months to justify your resignation today from the high command of the Colombian military forces make me accept this decision, which I sincerely regret. You have known how to hold up high the good name of the military forces under circumstances that are particularly difficult for the stability of the Republic.

This is what the Colombian president stated in his letter accepting the resignation of the commander of the military forces.

Colombia: New Military Commander Delgado on Appointment

PA1103233596 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2216 GMT 11 Mar 96

[Report by Sergio Antonio Castillo from the Defense Ministry in Santa Fe de Bogota]

[FBIS Translated Text] A news conference has just ended with Colombian Defense Minister Juan Carlos Esguerra Portocarrero and high-ranking military leaders to announce the appointment of the new Armed Forces commander general: Admiral Holdan Ovidio Delgado Villamil. Radio Cadena Nacional has spoken to him about his expectations, goals, and plans from now on:

[Begin Delgado recording, in progress] ...much pride and satisfaction. I also feel much concern, because it is a very big challenge for the career of any officer in the military forces and especially because I will be relieving General Camilo Zuniga, my friend and companion. I feel special gratitude because of his generosity while fulfilling his post as Armed Forces commander general.

I believe that with the support of my companions in the Army, General Harold Bedoya, the Air Force, General Hector Gil, and together with Joint Chiefs of Staff General Ramon Eduardo Niebles, we will manage to continue an arduous task in search of our country's peace. [end recording]

Colombia: Defense Minister on Commander's Resignation

PA1203032296 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 12 Mar 96

["Seven O'Clock Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0100 GMT 12 Mar — passages within quotations are recorded]

[FBIS Translated Text] At last, Armed Forces Commander General Camilo Zuniga gathered enough reasons to quit today. President Samper has said he understands

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Zuniga's reasons for resigning. Thus, as of today and for the first time in Colombia's history, an admiral will be the Armed Forces commander. He is Admiral Holdan Delgado, who was the Navy commander up to now.

Both letters, the one sent by Zuniga requesting that he be retired from active service as well as President Samper's acceptance letter, are formal documents and do not reveal any secrets.

This same afternoon, the defense minister denied the rumors that have circulated on the real reasons for Zuniga's resignation:

[Defense Minister Juan Carlos Esguerra] "[Words indistinct] we have no information that Zuniga's entry visa to the United States has been or will be revoked."

The minister insisted that Zuniga's resignation was due to personal reasons only:

[Esguerra] "What I do know is that the dominant reasons for his request for retirement are personal in nature."

Camilo Zuniga was not present when his retirement was announced, but he talked to reporters later and gave them only one message:

[Zuniga] "As you know, I tendered my request for retirement from active Army service to the president of the Republic today. This resignation, of course, also applies to my position as general commander of the Armed Forces."

Despite the queries that have arisen in past days, Zuniga refused to answer any other questions and left the room.

The government as well as Zuniga himself have tried to minimize the true reasons for Zuniga's resignation, but his imminent resignation had been reported several times in the past.

Colombia: Party Urges Rejection of U.S. Aid for Drug War

PA0803204396 Santa Fe de Bogota EL TIEMPO in Spanish 7 Mar 96

[Received via Internet]

[FBIS Translated Text] Yesterday, the members of the National Liberal Directorate (DLN) issued a statement on the U.S. decertification of Colombia. The DLN criticized the current U.S. certification process, which it considered a "snag" for international cooperation. The current certification process "undermines the indispensable mutual solidarity and sets up the current scenario of recriminations that only benefits drug trafficking," the Liberal leaders stated in a communique.

The DLN asked the government to prepare a diplomatic offensive designed to obtain the international repudiation of the current U.S. certification process.

The DLN members asked the Colombian Foreign Ministry to try to establish a "multilateral certification process, in keeping with the principles of international law, that will allow the setting of performance goals for all the countries involved at every level of the drug-trafficking problem."

For the Colombian Government to answer "in a dignified manner" to the decertification, the DLN proposed the Samper Administration "to reject foreign aid against drug trafficking coming from countries that insist on a unilateral treatment or evaluation of a scourge that has clear multilateral repercussions."

Despite these criticisms, the DLN suggested the strengthening of the Colombian strategy in the war on drugs. It also indicated that the following points should be considered: the intensification of the sanctions contemplated in the Penal Code; the signing of international agreements; the reformulation of legislation on money laundering; and the review of the criminal judicial apparatus so that specific accusations and penalties will be prescribed.

Colombia: Ambassador to U.S. Views Decertification

PA0803165296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 7 Mar 96

[Telephone interview with Ambassador to the United States Carlos Lleras de la Fuente in Washington by News Director Dario Arizmendi in Santa Fe de Bogota; from the "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] We call Washington to talk to Dr. Carlos Lleras de la Fuente, the Colombian Ambassador to the United States. Good morning, Mr. Ambassador.

[Lleras] Good morning. How are you?

[Arizmendi] Sir, have you decided whether you will stay on in the embassy for a few more months or are you going to resign, as we talked about shortly after we found out the U.S. Government had decided to decertify Colombia?

[Lleras] I will make a decision but, as I told you then, I will let you know when I do.

[Arizmendi] When do you plan to make this decision?

[Lleras] Whenever I want to. [Arizmendi and Lleras laugh heartily]

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[Arizmendi] Have you talked about this with the Foreign Ministry?

[Lleras] Yes, of course.

[Arizmendi] And we understand the foreign minister asked if it would be possible for you to stay longer at the post?

[Lleras] No. Look, this is not an issue I want to discuss on the phone. This is a personal matter that cannot be discussed over the phone.

[Arizmendi] Have you gotten over the anger, the disappointment caused by President Clinton's decision?

[Lleras] No. No. Of course not.

[Arizmendi] What do you think will happen now? Is it practically impossible for the U.S. Government to reconsider the decertification of our country?

[Lleras] I do not believe the United States will reconsider given the current circumstances. It is a matter of [words indistinct] You have to read the document. You probably already did that...

[Arizmendi, interrupting] Yes sir, I did.

[Lleras] and should conclude from its contents, especially its political contents, that it will be very difficult for any kind of change to take place.

[Arizmendi] According to the terms of that document is it now possible for President Clinton — based on Colombia's domestic situation in the future — to decree commercial sanctions, to eliminate preferential tariffs, or to impose new tariffs on products not currently taxed?

[Lleras] Well, this would be even more grotesque, unfair, and inappropriate than what has already happened. However, they can do so because the powerful, unfortunately, can always do whatever they want to others, regardless of how unfair the action is. This is what has happened to us. Thus, this issue is still to be resolved. [word indistinct] could come to Colombia and do all kinds of horrible things; a poor exercise of power can lead to abuses, and that is what I trust will not happen in the United States.

[Arizmendi] Do you, who have known the intricacies of the U.S. Government and politicians for so many years, especially amid a political campaign, think this is a weapon they could use in the future?

[LLeras] They have it. They have it. [repeats himself]

[Arizmendi] Do you favor the establishment of a multilateral analysis mechanism by countries committed to fighting drugs — the ones who produce, traffic, or consume drugs — a mechanism being promoted by the National Liberal Directorate in Colombia?

[Lleras] The struggle against drugs, at an international level, is governed by the 1988 Vienna Convention, which we have all signed. This being the case, there is no reason for one party who is also part of the problem to unilaterally decide to grade, to become a judge, to point a finger at others and blame them. We all have to deal with the problem, producer countries, as well as transit and consumer countries, the United States being among the latter. Here there are no, well there are a few, debates in Congress to assess the work they have done. This judging of others, to become a judge, when one is a part, an essential part, of the promotion of this business because one is a consumer, is not really the most acceptable behavior.

[Arizmendi] Dr. Lleras de la Fuente, how valid is the interpretation of those who believe that President Samper, not the country, was the one who was decertified and that the United States is pushing the Colombian chief of state out of the government?

[Lleras] This is not an issue that, as an ambassador, I would like to broach. However, it is true that the document has a very high political content, which is really unwarranted and constitutes undue meddling in Colombia's internal affairs.

[Arizmendi] Mr. Ambassador, we understand that you, together with several business spokesmen, plan to further a sort of second round of talks with several economic, political, and business sectors in the United States to try to avoid the possibility of future sanctions.

[Lleras] No. No. We are going to meet to study the situation but this will not be with third parties. We will meet to assess the situation, to see what is being done, to see what can be done in the future, and to better digest the document and what has happened to us up to now.

[Arizmendi] Carlos Lleras de la Fuente, Colombian Ambassador to Washington, thank you so much for being with us on Caracol this morning.

Colombia: Exporters on Long-Term Impact of Decertification

PA0803164896 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0000 GMT 6 Mar 96

[From the "Seven O'Clock Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0100 GMT 6 March]

[FBIS Translated Text] Exporters are clear. The effect of the U.S. decertification will not be felt in the short term. However, the country will feel an immediate change of attitude, specifically in customs where Colombian shipments will be less reliable. The financial effect will also be reflected with bureaucratic red tape on loans.

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[Begin Association of Exporters President Jorge Ramirez recording] In case of filibustering to block loans, Colombia's situation will be such that it will have less access to the multilateral loans on which it relies and their risk level may rise. [end recording]

To conclude, Analdex noted that the obstacles by international banks will lead to delays in the development programs.

Colombia: Ex-Minister Urges Business Strike Against Samper

PA1103143196 Santa Fe de Bogota EL TIEMPO in Spanish 10 Mar 96

["Text" of letter by Noemi Sanin de Rubio, former foreign minister and ambassador to the United Kingdom, addressed to German Holguin, president of the Valle del Cauca Entrepreneurial Committee — received via Internet]

[FBIS Translated Text] Santa Fe de Bogota, 8 March 1996

Dr. German Holguin, president of the Valle del Cauca

Entrepreneurial Committee

Dear Dr. Holguin:

A few days ago I read your statements to various media expressing the association's concern, and that of Colombian entrepreneurs in general, over the dramatic impact that the current crisis could have on the Colombian economy. You spoke with great courage on the possibility of calling for an entrepreneurial strike, to express the Colombian economic leadership's displeasure over the situation.

As you already know, for months I have expressed my conviction that the president of the republic cannot place his own personal interests above those of Colombia. While the president defends himself, the national budget is at his service. While the president defends himself, state security services commit arbitrary acts. While the president defends himself, some nations assume forceful positions, about which nothing can be done in the face of obvious government weakness. While the president defends himself and describes rivers of honey, all indications show that the political crisis has had a devastating effect on our economic and social programs.

The U.S. Government decertification serves as a good example. It is difficult to imagine a more unilateral and disagreeable procedure against a multilateral activity such as the fight against drug trafficking. It is practically impossible to imagine something so unfair as what has happened to us. If it were certain that certification assesses the actions of countries against drug trafficking, the United States could do nothing but certify Colombia in the face of obvious successes not only by the police, but by the Armed Forces, and doubtless by our judicial system and certain congressmen, leaders, and valuable citizens. But as far as the international community is concerned, what is here a despicable act becomes for them proof positive. The fact that drug trafficking money was received in the past presidential campaign is reason enough for them to excessively punish us. Those of us who had nothing to do with President Samper's campaign will pay the consequences.

I believe that the person who has best described the position President Samper has placed us in is analyst Hernando Gomez Buendia. For Gomez Buendia the choice the government proposes is not valid. The problem is not choosing between empire and morality, or the fatherland and corruption. I am with the fatherland and against corruption. I most emphatically protest the decertification, but I insist that the president cannot hold all Colombians hostage to his defense.

Likewise, the choice cannot be between neoliberalism and morality, or social issues and corruption. No. I, like all of you, am against corruption and in favor of social issues. We cannot allow this administration to convert everyone who criticizes it into stateless people. Or everyone who protests it into neoliberals. Or into rich people everyone who, in the face of the obvious lack of governability, requests the president's resignation.

Having said this, I must at least applaud your courage and the leadership the entrepreneurial class has decided to assume. If a strike takes place, this should comprise not only the entrepreneurs, but those members of the working class who do not allow themselves to be placed on the side of corruption simply because the government has christened its program the Social Leap. A business and labor strike should also include students, women, and the support of the media, who are the ones who have most decidedly faced and unmasked the corruption that characterized the president's presidential campaign. The strike should have the support of the church which, notwithstanding the attacks it has received, had the courage to point out what should have already been obvious to everyone: it is impossible not to notice an elephant in a living room.

It is time for all Colombians to make our own analysis of the country's condition. It is we who should set responsible goals in the struggle against criminal organizations. It is we who should recover the moral authority of the president to take the lead in the multilateral effort against drug trafficking.

The struggle against drug trafficking and corruption is not a question of class

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Regards, Noemi Sanin de Rubio.

Colombia: Samper Denies Links With Cali Group

BR0803151996 Paris LE MONDE in French 7 Mar 96 p 4

[Interview with President Ernesto Samper by Anne Proenza; place and date not given: "Nobody Can Boast That They Were Sheltered From the Infiltration of Drug-Trafficking"]

[FBIS Translated Text] [Proenza] How do you view U.S.-Colombian relations following the U.S. decision no longer to "certify" Colombia in terms of fighting drug-trafficking?

[Samper] I learned of this news with a heavy heart for the country, which has fought against and suffered enormously from drug-trafficking. My government has decided to continue the struggle, not only because drugs are a scourge which affect national security, but also because it is a commitment that we have made to the rest of the world. With the United States we are going to have to find a new path based on greater confidence. A commission chaired by the foreign minister is going to look into bilateral antidrug cooperation programs. The other cooperation programs will not be affected, in any case. Moreover, we are going to reinforce our alliance with all the countries that want to support us in this struggle, some of which are already helping us a great deal.

[Proenza] What in your view is the impact of the U.S. decision on Colombia's political crisis?

[Samper] It is already leading to fresh support for the government from all Colombians, who understand that it is not an act against the president, but against the country. If it was aimed at the president, I would have preferred it to be said so quite clearly. Economically, it will not have much of an impact. The United States is our biggest economic partner, and we are going to maintain close trade relations with it. Evidence of this can be seen in the meeting of trade ministers and business leaders from the entire continent to be held on 18 March in Cartagena, Colombia. But we must diversify our trade relations. Within a few years Europe could become our leading trade partner. It already is our leading partner where investment is concerned.

[Proenza] You are being attacked, you are being abandoned on all sides, and there has been a lot of talk recently of it being impossible to govern under such conditions...

[Samper] Just because there is opposition does not mean that one cannot govern. That is not an obstacle, but rather proof that the democratic system is working. It is true that I have to work twice as hard as normal; that is hard and tiring.

[Proenza] Can you say today that there was or was not drug money in your campaign?

[Samper] I have asked the public prosecutor's office to find out not only whether any dirty money got in, but also whether any such infiltration was the result of an agreement — something which I know nothing about. I have also asked for an investigation of the people responsible for any such infiltration. According to the public prosecutor there may have been such an infiltration. I am awaiting his conclusions.

[Proenza] Did the cost of your campaign exceed the amount authorized by law?

[Samper] I did not directly manage the administrative part of the campaign. The accounts to which I had access were in order. I do not know if the amount was exceeded.

[Proenza] It has been said that you had run out of money to finance the campaign in the second round and that is why the drug money came.

[Samper] That statement is a logical one. But I turned to Colombia's biggest economic entities, which offered me the resources to finance the second round.

[Proenza] Have you personally had relationships with members of the Cali mob?

[Samper] I have never personally known drug traffickers from the Cali mob. They may have attended certain political or social events at some time — perhaps at the same time as me.

[Proenza] According to the latest public accusations made by your former defense minister, Fernando Botero, and the current public prosecutor, you knew that dirty money was financing your campaign and you even organized the collection of it.

[Samper] Just think of it! All of these accusations come from Fernando Botero. I prefer to mention the first thing he said when he was arrested, back when he used to tell the truth, when he used to say that we had taken every possible step to fight the infiltration of drug money.

[Proenza] How do you explain his turnaround?

[Samper] It is undoubtedly a bid to get preferential treatment from the legal system.

[Proenza] But if so much drug money was used to finance your campaign it seems impossible that as a candidate you would not have known about it or that you would not take responsibility for it now.

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[Samper] Parliament's indictment committee is to clear up these points: How much money came into the campaign; how did it get in; and if illicit money did indeed came in, who organized its infiltration. After all, in the official books — to which I have always referred — there is no trace of this money. It should be checked whether certain people used my campaign to benefit from it. In that case, responsibility is not the same.

[Proenza] Do you see the crisis being resolved?

[Samper] In two phases. First, the procedure currently under way in congress on my personal responsibility, and from which I intend to emerge completely innocent. I am totally confident. Second, the political responsibility will have to be established. I am prepared to ask the country what the conditions are for governing, be it via early elections, a consultation of the people, or the formation of a coalition government. We must look into all possibilities, but only once the congress has made its decision.

[Proenza] What do you think of the proposal made by Gabriel Garcia Marquez and various members of parliament for a law that would grant amnesty to politicians involved in this process, provided they give up politics for good?

[Samper] For many long years we have learned to live with drug- trafficking, either out of fear or ambition. A law is not going to fix that. The country must seek to eliminate drug-trafficking, not only in politics but also in economic, social, and cultural activities. The entire country must leave drug-trafficking behind, not just a few people. The crisis runs very deep: Drug-trafficking did not suddenly appear with my government, or even with my campaign. It is something that has been around for a long time and it has brought enormous sums of money into the country, between $2.5 billion and $3 billion per year. At present, nobody who is involved in any campaign or economic activity can boast that they have been sheltered from the infiltration of drug-trafficking.

Colombia: Authorities Capture Alleged Cartel Leader

PA0803220296 Santa Fe de Bogota EL TIEMPO in Spanish 7 Mar 96

[Received via Internet]

[FBIS Translated Text] Villavicencio — Jose Enrique Guerrero Rodriguez, identified by the authorities as one of the presumed capos of the Eastern Plains cartel, was captured yesterday by units of the Technical Investigation Corps of the Prosecutor's Office [CTI] at a gas station in Villavicencio.

An arrest warrant for Guerrero was issued late last year by the eastern region prosecutor general's office for the crime of illegal enrichment. According to official reports, Guerrero is reportedly the Cali cartel's boss in Orinoquia.

Also captured along with the presumed capo was Jose Roberto Roncancio Santofimio, who was in possession of a weapon without a permit.

CTI members intercepted the two men who were traveling in a blue Toyota van with license plate no. QFV-477.

The investigators later raided six establishments, including a warehouse in the El Barzal neighborhood, where they found checks and receipts showing that Guerrero had disbursed funds to persons and companies that are well-known in the region.

The regional prosecutor's office also found parts of a light Cessna plane and a truck that possessed no license plate and had an altered engine number.

A source from the operations and arrests team of the prosecutor's office said that raids will continue in keeping with documents seized from Guerrero.

Colombia: Government To Return Taxes to Exporters

PA1203121796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 11 Mar 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 1830 Mar]

[FBIS Translated Text] The government will return taxes to exporters in order to help alleviate the impact of the decertification. This idea is part of the contingency plan that is ready to be applied the moment the effects of the U.S. punishment begin being felt.

The government is willing to return 24 billion pesos to what exporters will pay in taxes. The check is ready but will only be paid if the United States decides to apply new taxes to our exports as a result of the decertification:

[Begin Foreign Trade Minister Morris Harf Meyer recording] The CET [Common External Tariff] can be granted but, rather, up to a percentage not exceeding the percentage corresponding to the return of the indirect taxes. [end recording]

The government would only return part of the money exporters have spent on such taxes as VAT [value-added tax] and the tax on industry and commerce; nonetheless, only a few exports would benefit:

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[Begin Harf recording] It could be, for example, textiles, clothing, leather, shoes, or semi-manufactured products in the sheet metal sector. [end recording]

Colombia: Venezuelan Soldiers Said To Evict Peasants

PA1103020696 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 8 Mar 96

[Report by Manuel Humberto Neyra from the "National Newscast" — monitored from retransmission by Lima Sistema Unido de Retransmision Television at 1830 GMT 8 Mar]

[FBIS Translated Text] The "National Newscast" crew was able to visit the border region of Rio de Oro where the Venezuelan National Guard has proceeded to burn the homes of several Colombian peasants. We were also able to interview several of the residents of the area, many of whom are leaving the region out of fear.

More than 500 Venezuelan soldiers arrived by helicopter on 1 March at the communities of La Palmita, Cano Azul, Cano Ramon, and Vegas de Cano Azul where they proceeded to search several homes and arrest several peasants:

[Begin first unidentified speaker recording] They would point their weapons at us and warn us not to flee; otherwise, they would shoot us. We then decided to remain still. [end recording]

With this action, the eviction operation was launched, and the Colombian peasants living in Venezuelan territory were accused of being members of guerrilla groups and felling trees illegally. Their homes were also torched without the opportunity of gathering their belongings:

[Begin second unidentified speaker recording] We were able to save some pots, chickens, and 11 heads of cattle. [end recording]

Afterward, a clash broke out between the Venezuelan soldiers and guerrillas operating in the area; a corporal died, and five soldiers were wounded.

Twenty of the 27 families living in the area decided to abandon their homes because of the situation.

The "National Newscast" crew was able to overfly the community accompanied by Colombian Foreign Ministry Representative Daniel Pizano Callejas who was shown weapons abandoned by the Venezuelan soldiers.

Residents of the area who decided to abandon everything they owned and others who were able to rescue some of their belongings are being housed at the Rio de Oro cooperative building located on the Colombian side of the common border, awaiting assistance from the government.

Ecuador

Ecuador: MOMEP To Extend Border Mission for 90 Days

PY1103190796 Quito Voz de Los Andes in Spanish 1700 GMT 11 Mar 96

[FBIS Translated Text] As of 13 March, the Ecuador-Peru Mission of Military Observers, MOMEP, will extend its remain in the border area it under its supervision for another 90 days.

This decision falls within the terms of the Itamaraty Peace Declaration.

MOMEP-2, headed by Brazilian General Francisco Roberto de Albuquerque, will end its activities tomorrow to start the third phase in the zone where a war was staged between the Ecuadoran and Peruvian troops in early 1995.

Ecuador: Comptroller General Submits Resignation

PY1203025296 Madrid EFE in Spanish 0034 GMT 12 Mar 96

[FBIS Translated Text] Quito, 11 Mar (EFE) — Carlos Faidutti, Ecuadoran Comptroller General of the Nation, who was facing impending impeachment in the Ecuadoran Congress, resigned from his post today.

Congress President Fabian Alarcon has confirmed Faidutti's decision. In remarks to the press, Alarcon said that "the resignation does not exempt Faidutti from facing impeachment."

Several political sectors have accused the Comptroller General of not having detected the supposed squandering by former Vice President Alberto Dahik of secret funds that were intended to be used to cover national security expenditures.

Faidutti submitted his resignation to Congress, which designated him for that post.

Ecuador: Welcome for President in Peru 'Sign of Peace'

PY1203001496 Madrid EFE in Spanish 0058 GMT 11 Mar 96

[FBIS Translated Text] Quito, 10 Mar (EFE) — Ecuadoran Defense Minister Alfonso Alarcon and Army Chief General Paco Moncayo today agreed in stating that the welcoming of Ecuadoran President Sixto Duran-Ballen in Trujillo (Peru) is a sign that the two countries want peace.

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The governments of Quito and Lima want to continue the peace process, Alarcon said, after stating that "we are experiencing and feeling this in Trujillo with the warm welcome given to the president (Duran-Ballen).

Duran-Ballen has become the first Ecuadoran president to visit Peru, and he does so at a time when the two countries are progressing in the peace process following the undeclared war they waged between 26 January and 28 February 1995, resulting from a dispute over an unmarked area on their common Amazon border.

"The warm welcome given by the Peruvian people shows that the Ecuadoran and Peruvian peoples want peace and that government leaders have the obligation to fulfill their peoples' desires," Moncayo said before leaving for Brazil, where he will meet with high-ranking Brazilian Army officers.

He said that the Ecuadoran pretension to attain a sovereign outlet to the Amazon River is not "out of context nor can it be considered illegal or exaggerated."

Gen. Moncayo called upon the people "not to despair" in the event a definitive solution to the territorial problem with Peru is not found during the administration of Duran-Ballen, who will hand over power to his successor on 10 August.

"The Peruvian state has promised to discuss the impasses and the Ecuadoran state has promised, in Itamaraty (the Brazilian Foreign Ministry), to achieve a solution to the old territorial conflict. Thus it is not the administrations that are important, but the continuity of the states that must fulfill any commitments they might acquire," Moncayo said.

He also revealed that rapprochement between the armed forces of the two countries will be strengthened during the second half of this year, when meetings between the commanders of the two countries' navies and air forces will be held.

Ecuador: Duran-Ballen on 'Satisfaction' With Summit

PY1203012196 Quito Voz de Los Andes in Spanish 2300 GMT 11 Mar 96

[FBIS Translated Text] Returning from the Peruvian town of Trujillo, Ecuadoran President Sixto Duran-Ballen stressed the Ecuadoran and Peruvian desire to definitely solve their historical territorial conflict, although it might not be attained by August, when his term in office will end. More obvious than the desire of the presidents, the welcoming in Trujillo shows the evident desire of the two peoples to find a solution to their territorial conflict.

Last weekend Sixto Duran-Ballen became the first Ecuadoran president to visit Peru after the war in the Upper Cenepa, and was given an ovation by the Peruvian people in Trujillo, where he participated in the Eighth Andean Presidential Council Summit.

Duran-Ballen said that the need to take steps toward attaining — someday, though perhaps not necessarily during this presidential term — a just solution and a sovereign Ecuadoran outlet to the Amazon River has become evident.

I want to express my satisfaction at the welcome in Trujillo, not as an Ecuadoran, but as a Latin American, he said. I am returning home pleased at seeing that our current goals and objectives are really to forget what divides us and to try find a path that will unite us, President Duran-Ballen added.

Moreover, General Jorge Ortega, chief of the Ecuadoran Armed Forces Joint Command, also said that the military resolutely supports the peace process that began on 17 February 1995, when the Itamaraty Peace Declaration was signed, and that is being carried out by the governments of Quito and Lima. He added that the Ecuador-Peru Mission of Military Observers, MOMEP, will begin this week its third three-month period on the common border between the two parties in conflict, where it is overseeing the fulfillment of the peace agreements.

Likewise, Ecuadoran Foreign Minister Galo Leoro Franco has termed an inevitable need the fact that Peru and Ecuador must find a definitive solution to their historical territorial conflict and thus attain a definitive peace.

Ecuador: Duran-Ballen on Desire for Amazon Outlet

PY1203035896 Madrid EFE in Spanish 0121 GMT 10 Mar 96

[FBIS Translated Text] Trujillo (Peru), 10 Mar (EFE) — Ecuadoran President Sixto Duran-Ballen today reiterated his country's aspiration to a sovereign outlet to the Amazonas River and his disagreement over the geographical description of his country's border with Peru contained in the Rio de Janeiro Protocol.

During an interview granted to EFE in Trujillo, Peru, Duran-Ballen said that Ecuador has "the legitimate right" to aspire that its "border line, or whatever you choose to call it, not be a mere line imposed by a unilateral interpretation of what a protocol may be, but rather the result of what the protocol says."

He then said that when Peru and Ecuador signed the Rio de Janeiro Protocol in 1942, establishing the border

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between the two countries, "neither of the two countries nor the guarantors of that treaty (Argentina, Brazil, Chile, and the United States) were aware that the geography was different."

Duran-Ballen explained that "Ecuador believes that if the geography is different to what was thought, we must sit down around the table and seek a new interpretation based on that (new) reality."

In sum, the Ecuadoran president insisted that on the Peruvian-Ecuadoran border, where demarcation is still pending, there are two water divides between the Zamora and Santiago rivers, and not only one, as stated in the Rio de Janeiro Protocol.

In this sense, Duran-Ballen said that Ecuador's access to the Amazonas River is subject to the demarcation carried out in keeping with that geographical reality.

Duran-Ballen added that "for Ecuador it is very important that it have access to the Amazonas," because Ecuador aspires "not only to the fulfillment of navigation rights contained in the declaration signed by the countries through which the Amazonas crosses, but also to the real possibility of being able to use that benefit."

However, Duran-Ballen said that the "attitude of the two countries (Peru and Ecuador) shows that we want" the armed conflict waged by the two countries one year ago "to be last of its nature."

The president, concretely, noted the willingness shown by the two countries to accept "for the first time" discussion of the so-called "subsistent impasses" or border disagreements that each country has presented. (Peru only upholds the strict fulfillment of the Rio de Janeiro Protocol and its annex mechanisms, the Aranha Formula and the Braz Dias de Aguiar ruling, opportunely signed and accepted by Ecuador.)

Moreover, Duran-Ballen "categorically" denied that the Ecuadoran Armed Forces have engaged in an arms race since the war waged with Peru last year.

The Ecuadoran head of state said that the welcome received on Friday in Trujillo, the first official visit he has made to Peru, was "flattering." Duran-Ballen said that "the authentic pleasure over the presence of the Ecuadoran president to show him that Peru, too, desires peace is a clear message that the leaders of the two countries must acknowledge."

Ecuador and Peru engaged in an undeclared war one year ago, over a portion of territory in the common border in the Amazon that lacks border markers.

This weekend the president of Ecuador participated in the Eighth Andean Presidential Council Summit, held in Trujillo (561 km north of Lima), in which his Peruvian counterpart, Alberto Fujimori, also participated.

Ecuador: EU Tariffs for Andean Nations 'Advantageous'

PY0803160396 Quito Voz de Los Andes in Spanish 2300 GMT 7 Mar 96

[FBIS Translated Text] The Ecuadoran Foreign Ministry reports that the EU has approved the proposal to renew tariff preferences granted to Andean countries, as part of its cooperation with the drug enforcement, agricultural, and fishing programs.

This proposal, which must be ratified by the EU Council of Ministers, is highly advantageous for Ecuador, and contemplates a renewal of the preferential system for three years.

This document EU indeed complies with the Ecuadoran aspiration to reinstate shrimp within this system, and to maintain the tariff benefit on tuna fish exports.

Ecuador: TSE Head on Pichincha Disqualifications

96SM0139A Quito HOY in Spanish 5 Mar 96

[Received via Internet]

[FBIS Translated Text] Guayaquil—The president of the Supreme Electoral Tribunal (TSE), the Roldosist Carlos Pardo Montiel, justified the disqualification of a number of candidates for sectional offices in Pichincha Province, alleging that their signatures of support included those of U.S. President Bill Clinton and of Thalia, the Mexican actress of the TV serial drama Maria la del Barrio—something that is absolutely ludicrous.

Pardo said that in Pichincha Province, two lists of independents have been disqualified because the candidates attempted to deceive the public by falsely claiming the backing of nonexistent persons, minors, and television personalities, even listing the alleged signatures of Bill Clinton and Maria la del Barrio.

In order to maintain its impartiality, the TSE accordingly had no alternative other than to support the decision of the Pichincha Electoral Tribunal by disqualifying these lists of candidates, inasmuch as the members of the Pichincha tribunal have even been physically threatened by the individuals affected by that decision.

A decision regarding appeals of the decision will be made this week.

Pardo also announced that commencing this week the TSE will begin to receive and rule on the appeals and

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challenges that the provincial electoral tribunals have been unable to resolve.

It will also receive the lists of the candidates that have already been approved by the provincial electoral tribunals. These lists will subsequently be sent to the Military Geographic Institute so that it can begin printing the ballots that will be used in the 19 May elections.

Lastly, the TSE will meet today in plenary session to study the appeal presented by the presidential candidate Fernando Marroquin, who was disqualified for nonfulfillment of the signature requirement.

Ecuador: Election Campaign 'Tidbits'

96SM0139B Quito HOY in Spanish 5 Mar 96

[Article by Thalia Flores: "Tidbits" — received via Internet]

[FBIS Translated Text] Mario Aleman, who was deputy foreign minister in the Borja administration, denies that he is an "aspirant" to succeed Galo Leoro if Jaime Nebot wins the Presidency of Ecuador and his friend Diego Cordovez becomes vice president.

What one hears, however, is that the person with the best chance to become foreign minister if Nebot wins the election is probably Heinz Moeller, who during the military conflict of 1995 apparently discovered that he was strongly attracted to diplomacy.

Moeller is said to have already taken a crash course in foreign policy. That is what people are saying, and they also say that he was one of the architects of the Diego Cordovez candidacy.

Although the candidates are already on the move, apathy continues to set the tone of most of the visits that they are making to the cities and provinces, even though the candidates say they were welcomed "enthusiastically."

On the subject of visits, Freddy Ehlers and Rossana Vinueza visited Cuenca and received an interesting welcome, nothing more. There are those who say that not everyone of importance was there and that not everyone who was there was important.

Ehlers confused the people of Morlaquia. While seated next to Rossana Vinueza of Opus Dei, he said he was supporting Carlos Marx Carrasco of the PSE [Socialist Party of Ecuador], Italo Ordonez of the ID [Democratic Left], and Miguel Lopez of the "New Nation" movement for deputy and asked the people to vote for any of them.

F.E.—as Ehlers' promoters call him—presented himself in Cuenca as a kind of Noah's Ark where there is room for everyone, even for unidentified citizens who say they belong to the "New Nation" movement.

But that isn't all. The most serious dilemma facing the Ehlers-Vinueza team is whether to take the labor leader Luis Macas with them to Guayaquil, where they do not know what reaction his poncho and sombrero will elicit.

Ehlers and Vinueza might conceivably enter the port city escorted by 50 mounted men from Salitral [expansion not given] and accompanied by the music of Julio Jaramillo. They will see what happens!

If it were not for the fact that Mahuad belongs to the DP [Popular Democracy Party] and is even a candidate for reelection, one could say that he is "assisted" in promoting the Social Christians, because he has painted most of Quito's parterres yellow.

Because the government has not signed an agreement with the Universal League of Freemasons, the Azuay Provincial Council will lose $100 million (according to what they have read) that the League was donating for social projects. Unbelievable but true!

Some good news: All the candidates finally have 30 minutes of free time at their disposal on Radio Nacional del Estado to publicize their proposals and ideas. Let them take advantage of it.

The Seventh Meeting of the Andean Presidential Council—to be held this week in Trujillo, Peru—will be the last presidential summit that Sixto Duran Ballen will attend. The countdown has begun.

The victory of the PP (Popular Party) in Spain will stir the conscience of Latin America. A presidential candidate in Ecuador already has a photograph of himself with Jose Maria Aznar that he will exhibit during the campaign. The "Felipe killer" [Felipe Gonzalez, the outgoing prime minister of Spain] will have a presence in the Ecuadoran presidential campaign.

Ecuador: Enrique Ayala on 'Great Step' Toward Peace

96SM0139C Quito EL COMERCIO in Spanish 1 Mar 96 pp A4

[Article by Enrique Ayala Mora: "The Great Lesson of the Cenepa River" — received via Internet]

[FBIS Translated Text] Quito—For many years, several generations of Ecuadorans lived with the trauma of the military defeat that Ecuador suffered in 1941 and the burden of the tribute imposed on the nation by the Rio de Janeiro Protocol of 1942.

The Protocol established an arbitrary border that was difficult to demarcate. Its implementation also proved to

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be very complicated, and in at least one sector between the Cenepa River and the Condor mountain range no agreement could be reached as to where to locate the border. Peru proceeded to establish a border unilaterally and to occupy the disputed area by establishing military posts.

Until very recently, the history of these borders that was being taught emphasized our nation's titles to the Amazon region and its rights. At the same time, however, all this served to reinforce a defeatist feeling, because the idea was being spread—explicitly or tacitly—that ours was a country virtually condemned to defeat and that our armed forces could not face any new aggression by our southern neighbor, who had a much greater military capability and greater material resources.

January 1995 was a historic milestone not only in Ecuador's territorial dispute and relations with Peru but also—and above all—in the development of the Ecuadoran national plan and the reinforcement of our nation's identity. This was a moment when our country regained its self-confidence and at the same time adopted a realistic position with respect to a resolution of the conflict.

On the military front, our armed forces successfully resisted the Peruvian attempt to dislodge them from the headwaters of the Cenepa River—an area that our southern neighbor has annexed on its maps without any justification other than its unilateral interpretation of an international agreement that has been impossible to implement in this sector. The small Ecuadoran Army—much smaller than its Peruvian counterpart but well trained and competently led—not only taught a lesson to a Peruvian leadership that was accustomed to looking north with contempt and a feeling of superiority but demonstrated to ourselves that we have a capable and decisive armed force that fulfills its tasks superbly.

On another level, and despite the political and regional fragmentation of our country, the events on the Cenepa River demonstrated that Ecuador is capable of uniting for our national defense and putting aside our differences. These events also demonstrated that after achieving its security through an effective military resistance, Ecuador was prepared—under the leadership of the president of the Republic—to accept, or not accept, the validity and practicality of the Rio de Janeiro Protocol and to move forward with a reasonable solution. This was a defeat for the pro-war elements, who while hiding behind their patriotic discourse are determined to inflame the dispute by arguing that an "open wound" exists. A high-level military conference was held recently among representatives of Ecuador, Peru, and the countries that are the guarantors of the protocol.

This conference was a great step forward in the search for a rational peace: a peace that while validating our country's interest in the Amazon region will achieve a demarcation of the border and banish forever the specter of war. Fortunately, that is the way increasingly large sectors in our two countries view the situation. In this way we can be certain that the deaths and sacrifices of the Cenepa conflict were not in vain.

Ecuador: Peruvian Press Reaction Decried

96SM0139D Quito EL COMERCIO in Spanish 5 Mar 96 pp A2

[Unattributed commentary: "Is the Peruvian Press A 'Stumbling Block'?"]

[FBIS Translated Text] Quito, 5 March—The armies of Peru and Ecuador are also participating in the dynamic of peace. Their meetings in Quito and Lima have led, among other things, to agreements that will be translated into practical measures.

These military meetings are essential because of the immediate results, which are vital, and because they are very instructive for public opinion in both countries. It now appears possible—and, above all, desirable—for the business communities, the churches, the universities, and the press (the list is long) of the two countries to create or widen their channels of communication.

The two governments could obviously promote this policy through the binational commission, for example. To do so would not only help to cope with the post-conflict era but is a necessary step in reducing the quite normal tension that will exist during the phases that still lie ahead before that era can be regarded as ended.

In effect, it must be realized that the two countries have reached a crucial point in the negotiations: that is to say, the most irreconcilable point. For those who desire to fish in troubled waters, there are plenty of grounds for challenges and even scandal.

Some sources in Lima have already complained that the Ecuadoran president has reiterated the allegation that a part of the Rio de Janeiro Protocol cannot be implemented. These sources will find it unprecedented if Ecuador, among other things, demands—as it surely will—an outlet to the Maranon. They fail to understand—because they do not want to understand—that the stumbling block is precisely the list of rights or desires that has been compiled over half a century. It is foolish to imagine that now—at the hour of negotiation—this list will not be put on the table. The solution will assuredly be found in a negotiated boundary that will lie somewhere between the borders estab-

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lished by each of the two countries and will be endorsed by the guarantor countries.

To disregard these postulates would be to convert the desires into realities. Signals have been given by both governments—by their leaders, their diplomats, and their military—to indicate that the process is going forward. In addition to the obstacles that are inherent in the negotiations, however, other hindrances are making an appearance, for a variety of reasons.

In Peru, the newspaper EL COMERCIO sees obstacles where even the Peruvian Government sees progress. It has criticized the demobilization of the PV2 zone, the control of the zone by MOMEP [Ecuador-Peru Mission of Military Observers], the role of the guarantors, et cetera—and none of the Ecuadoran aspirations has been viewed in the light of the new realities. In its editorials, EL COMERCIO—the most influential newspaper in Peru—has criticized its own government for excessive concessions made to Ecuador.

The attitude of EL COMERCIO is not firm (which is probably understandable) but is hermetically sealed and barred on the inside (which is thoughtless), as if the newspaper did not want to end—but would rather resuscitate—the worst misunderstandings between the two countries. The other Peruvian newspapers—which are less important but more scandalous—are following the same example.

One can understand (although it is embarrassing) why some foreign diplomats are saying in Lima that one of the stumbling blocks in these negotiations is the Peruvian press.

Ecuador: 'Reinvigorated' Andean Pact Urged

96SM0139E Quito EL COMERCIO in Spanish 5 March 96 p A4

[Commentary by Washington Herrera: "The Andean Pact Is Dying" — received via Internet]

[FBIS Translated Text] After surviving a quarter of a century, the Andean Integration Pact is dying. It is dying because it is not a priority for some countries, which apparently desire its dissolution even though their published statements say the opposite. Since the doctrine of open regionalism was established, each country has adopted its own trade measures, turning variable integration into an abstraction and causing a degree of disruption that may be irreversible. Colombia, Ecuador, and Venezuela have undertaken commitments to form a free trade zone in order to sell products tax free within the territory thus expanded.

Although their zone is protectionist and vulnerable, they have also agreed on a common tariff to improve the conditions of competition vis-a-vis countries outside the Andean subregion.

On the other hand, Bolivia and Peru have appeared reluctant to accept these two vertebral commitments, inasmuch as they are maintaining a single tariff for most of their import trade and are thereby contradicting the multiple tariffs of the Andean customs system. This contradiction makes it impossible to establish similar conditions for competition unless either the three countries of Colombia, Ecuador, and Venezuela or the two countries of Bolivia and Peru make changes in their tariffs.

If this is the situation, it means that there has been a lack of freedom at the political level to denounce the Cartagena pact and return to the primitive concept of Greater Colombian integration. One cannot make demands of a country that does not want to continue as a member, as may be the case where Peru and Bolivia are concerned. For 15 years these countries have not fully paid their membership dues to the Andean organizations. Despite the fact that the Cartagena Agreement Board [Junac] has its headquarters in Lima—for which reason the collateral benefits that Peru receives are greater than the annual outlay in its national budget—that country's' displeasure is such that it is Junac's principal debtor (80 percent).

It is true that Junac has not received the political support of these countries because in times of economic crisis as severe as those of the 1980's, Andean integration was of little significance. In the present decade, however, the institution needs to be revalorized in order to project it into a new context with pragmatism and realism. If Junac were to disappear, there would be no forum to resolve the many problems of everyday trade, because when trade restraints are dismantled and tariffs are dropped to zero, controversies of various kinds arise and there is an increase in unfair and corrupt trade practices that must be avoided and controlled. There would also be no institution to continue the task of creating an Andean point of view and a joint position with respect to the economic globalization and liberalization of trade that will lead us to negotiate all our trade with Mercosur within 5 years and all our trade with the United States, Canada, and Mexico within 10 years.

Inter-Andean trade without tariffs is helpful in the struggle against inflation, because if no duty is paid, prices should drop (although this does not always occur if there is collusion among the agents of the market). It also assists in developing trade in goods manufactured by our incipient industry—trade that is basic if we wish to progress and prepare ourselves for future commitments with larger countries.

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For a country the size of Ecuador, with a market limited by its weak purchasing power that represents only a part of the population, it is extremely disadvantageous to dispense with an integration plan such as the Andean plan. At present, although exports have increased to approximately $300 million per year, $246 million of that total was sold to Colombia alone—a fact that minimizes the importance of trade with Venezuela, Peru, and Bolivia. If the markets of those three countries were to recover and be developed, however, Ecuadoran exports would quickly rise to truly significant figures.

If a border agreement could be reached soon between Ecuador and Peru, the resultant conditions of peace would be powerful inducements for developing a comprehensive economic relationship that would be not only commercial but financial and entrepreneurial and have a promising future—factors that will help to reduce tensions and develop mutual interests.

The conference of Andean presidents will take place shortly in Trujillo, where a number of essential decisions will be taken concerning the future of Andean integration. We assume that our diplomats have made the preliminary contacts that are necessary in order to elicit a decision one way or another from Peru so as to clarify the situation, not only with respect to the unpaid membership dues but also regarding that country's basic position, which is of special importance for us.

In any event, it is to be hoped that instead of dying, a new, reinvigorated, and modernized Andean pact will arise: a remodeled pact that will serve the member nations as a vehicle for a pro-integration point of view and that will be in harmony with the new winds that are blowing in the world.

Paraguay

Paraguay: Interior Minister on U.S. Human Rights Report

PY1103164296 Asuncion ULTIMA HORA in Spanish 7 Mar 96 p 3

[FBIS Translated Text] Interior Minister Diogenes Martinez said this morning that the U.S. State Department report on human rights in Paraguay "does not contain concrete charges." Martinez said that the government has demonstrated that it has the political will to preserve the population's essential rights.

"In my opinion the report does not include concrete charges, although it talks about corruption, which in the end is the worst charge raised against us. We inherited this problem. The struggle against this scourge is not only a government responsibility. All groups involved in political and economic leadership positions share the responsibility," the secretary of state said.

With respect to the government repression of peasant demonstrations mentioned in the report, Minister Martinez said that the police respect the law and abstain from using violence unless it is inevitable. "Any accusation against the police in this area is completely unfair," the minister said.

Martinez said that the government, within current economic and financial possibilities, has shown that it has the political will to respect and enforce the unrestricted respect for human rights.

"There is a broad freedom of expression, anyone can resort to the justice system without problems, and we have freedom of the press. These are the best elements to guarantee respect for human rights in Paraguay," the minister concluded.

Paciello: "There is abuse."

"It is true, there is a certain degree of abuse. We still have a long way to go in the area of human rights," Supreme Court Justice Oscar Paciello said when evaluating the U.S. State Department report on human rights in our country.

As an example, Paciello mentioned the prisons regime, an area where Paraguay must make clear progress.

"In my opinion one of our basic problems is the current prisons regime. Here people are detained in police stations. The Constitution says that no one can be arrested without a court order issued by the appropriate authority," Paciello said.

With respect to the abuse during police proceedings, Paciello said that the problem does not only affect us, but the entire world. "If you go to the United States you will see that the police there are also involved in abuse during proceedings, just like in any other place," Paciello said, reiterating that our country still has a lot to do in the area of human rights.

Paraguay: Wasmosy Calls For More Productive Economy

PY0903024496 Asuncion ULTIMA HORA in Spanish 8 Mar 96 pp 2, 3

[FBIS Translated Text] This morning President Juan Carlos Wasmosy talked about the difficult social and economic situation facing the country. In one passage of his long and improvised speech during a ceremony at the Navy, Wasmosy harshly criticized politicians who "knock at the doors of the barracks" looking for political support, and asked Paraguayan society as a whole to produce more in order encourage the country's economic growth, as should be the case.

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The head of state this morning participated in a ceremony opening the Navy instructional year. First to speak was Navy commander Vice Admiral Carlos Guillermo Lopez Moreira. The president then took advantage of the opportunity to issue a message to the Armed Forces and the public.

After recalling the merits of Paraguayan women and referring to the International Day of Women, Wasmosy stressed the value of the family as the basic cell of society and criticized a sector of the press because instead of being constructive it is always criticizing what the government does to solve social and economic problems.

The president indirectly referred to Blas N. Riquelme when he said that "there are many politicians who knock at the doors of the barracks looking for support for their political aspirations," but then "those who pay the bill are the Armed Forces because up until today I have not found a deputy or a senator who is willing to step to the fore to defend you."

Wasmosy said we "are working like firefighters to address" social problems. He recognized that the country is not growing economically as it should and called on citizens to produce more.

With respect to the Armed Forces, Wasmosy said that the armed branch adapted to democracy and is introducing interesting structural improvements. The president also expressed regret at the fact that many military officers retire without any profession or title enabling them to find a dignified job outside of the military institution.

A War

The president warned that Paraguayan society from now on will have to face another type of war: the war of competition. The president asked everyone to make every possible effort to improve their education. Wasmosy then said that this is why "education is an obsession of my government."

Then, in a conciliatory tone and in view of some groups' abuses, he asked for tolerance in order to avoid further excesses. The president did not forget to criticize politicians who only think of their personal interests. The president called on these individuals to look more to their parties' interests, putting aside their own interests, considering that we are we are in an electoral period and we must choose candidates for different positions, particularly for the municipal elections.

Paraguay: Military, Police Leaders Support President

PY0603224296 Asuncion NOTICIAS in Spanish 5 Mar 96 pp 6, 7

[FBIS Translated Excerpt] President Juan Carlos Wasmosy on 4 March received unexpected "support" from military and police leaders, apparently with the goal of guaranteeing our country's democratic process vis-a-vis the possibility of destabilization efforts, politico-institutional disorders [desorden politico-institucional], and violence on the streets during the upcoming peasant march. [passage omitted]

Before the high command and the president, Military Forces Commander General Silvio Rafael Noguera said: "Given our country's current status in which the citizens rightfully — perhaps — are concerned over the political, economic, and social situation, we have received, as a complementary directive for this year, your firm decision of guaranteeing to all the citizens strict compliance with all the guarantees that the Constitution establishes for the Paraguayan nation."

Noguera noted: "The Armed Forces are ready to abide by the laws. In addition, the Armed Forces will be ready to cooperate in restoring domestic order if the president orders it." [passage omitted]

Paraguay: Internet Available in 'Few More Months'

PY1103185896 Asuncion ULTIMA HORA in Spanish 8 Mar 96 p 29

[FBIS Translated Text] In a few more months Paraguayan public and private organizations will have access to the renowned international informatics network, Internet, the world's largest computer network with some 40 million users.

Executives of a U.S. company have met with President Juan Carlos Wasmosy to brief him on this development.

The Internet is an international system of communications between countries using regular telephone lines (whether satellite or not) and computer terminals to send and receive signals. Using the Internet, any country is able to disseminate information about its history, investment projects, and the services it can offer, and to access the largest libraries in the world (in London, the United States, Japan, etc.).

Esteban Valenti, official of the United Nations and Latin America regional director of the Technical and Commercial Information Promotion System (TIPS), briefed the chief executive and the news media on Paraguay's future connection to the Internet. The project

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is being firmly backed by the European Commission and the Rio Group.

"We are developing a program that will allow local public and private organizations to use the Internet to let the world know about their products, services, investment projects, and cooperation projects, particularly with the EU and the Common Market of the South," Valenti said. He explained that the cost of using the Internet is approximately $1,000 per year.

Peru

Peru: Analysts Explain Drop in Fujimori's Popularity

PY0803221596 Lima LA REPUBLICA in Spanish 22 Feb 96 p 2

[FBIS Translated Text] Several political analysts believe that the drop in President Fujimori's popularity is caused primarily by his administration's mistaken economic policy, his insistence on speeding up the privatization of strategic corporations like the Petroperu [State Petroleum Agency], the National Ports Enterprise [Enap], and Centromin [Central Peru Mining Enterprise], and the mass dismissal of workers.

The analysts indicated that although it is not a sharp decline, the results of the Apoyo S.A. poll which show a 9-percent drop should set off an alarm that will make President Fujimori and the members of his team stop to think.

A simultaneous poll conducted by the Imasen company shows a 13.9-percent decline of popularity, reflecting a serious reduction of approval for the president's performance.

Juan Mariategui, a shrewd analyst of domestic and international affairs, has explained that the president's loss of popularity stems from the suffering of the Peruvian people, who, after five years have began to "see straight" and realize what he is really all about.

"Everything about him is temporary, except the annulment of his marriage," Mariategui said sarcastically.

He added: "I believe that it (his popularity) has declined particularly because of the severe crisis of the 'tied' neoliberal policy he has imposed on us following orders from the International Monetary Fund and the World Bank."

Mariategui went on to say that it is evident that Fujimori's regime "does not seek to benefit the nation but rather certain upper strata because it privatizes national corporations at low prices and stifles the cooperatives."

He added: "The model that the president has forced upon us does not provide any options to foster a truly Peruvian bourgeoisie, nor does it benefit small and medium-sized companies, much less the workers who are deprived of their acquired rights."

Mariategui forecast that in 1996 there will be "a Fujicrack because the almighty president will be unable to keep recession under control."

He said: "The people are becoming disenchanted with their latest caudillo because they realize that his excessive lust for the limelight — including the small gifts he receives every day and the purchase of the presidential plane — does not help to resolve true economic problems. These problems are becoming worse all the time because instead of creating new jobs, he is taking them away."

According to Mariategui, "despite the endless psychosocial devices of the National Intelligence Service-SIN, this administration is the most fragile one in the history of the Republic because it relies on a single man and on certain elites that do not care about the nation, rather than on guardian institutions, be they professional, political, economic, or cultural."

He forecast that "when Engineer Fujimori finally steps down, he will leave behind many time-bombs that his successor will have to deal with."

Journalist and writer Maria del Pilar Tello has indicated that the people do not like the idea of privatizing Petroperu because they perceive that it is not a clean and straightforward process.

She said that the privatization of Petroperu and other state-owned strategic corporations — which is taking place without the necessary public debate in the quest for consensus — should be done more openly.

Tello emphasized that the man on the streets wants to participate in the decision concerning the fate of a national corporation which plays a key role in the nation's development as far as energy is concerned.

Ms. Tello said that the president's popularity has been declining lately because of the decisions that the executive branch has made making use of the special powers that the ruling party majority has pushed through Congress.

Furthermore, she said that the current drop in popularity is also the result of certain attitudes and measures which weaken municipal administrations instead of strengthening them. Tello mentioned the rude treatment given to Lima Mayor Alberto Andrade, to whom funds were denied; the fear of provincial councils in the

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Grau Region of losing oil royalties; and the lack of government interest in implementing a true process of decentralizations.

The ban on imports of used cars, the reduction of custom tariffs which harms the Tacna Free Trade Zone (Zotac), and the removal of the Selective Consumers Tax exemptions which benefited jungle and border areas add to the people's displeasure.

Ms. Tello said that the administration's decisions have a high social cost the brunt of which falls on the workers.

President Fujimori's authoritarianism goes against his much-ballyhooed "direct democracy" because he disregards the fact that most people oppose the privatization of Petroperu.

"Regional movements in Tacna and Talara indicate that the people there oppose the president's decisions," Tello emphasized, adding that this is allowing the opposition to gain strength and to use the privatization of Petroperu as a rallying issue.

She said: "There is an atmosphere of growing rejection of the chief executive's authoritarian decision, all the way up the ranks."

Fernando Rospigliosi, a political analyst and commentator of the magazine CARETAS, has stated that President Fujimori's loss of popularity stems from the chief executive's measures that harm Tacna by jeopardizing the development of the Zotac, while Chile is taking concrete steps to bolster its free trade zone that is closest to Peruvian borders.

Rospigliosi added that most of the people do not approve the privatization program. Meanwhile, the recession is getting worse and consumption is shrinking along with the income of the people, who are anxious to start reaping the benefits that the administration had promised them, he said.

Rospigliosi stated that unless the administration reverses the unpopular measures it has implemented, the people's support for it will continue to decline.

Army General Sinesio Jarama, retired, has indicated that the events taking place in Peru are the key to President Fujimori's loss of popularity.

He mentioned the rising cost of living, which is perfectly obvious to the people even if official inflation figures remain low; the growing unemployment, aggravated by mass dismissals; the authoritarian manner in which Petroperu's privatization is being handled, arousing displeasure; and the economic measures that have harmed Tacna and the jungle and border areas.

Jarama emphasized that the president is "overpersonalizing everything [no end quotation mark as published], which is disgusting the people, as is the behavior of certain "sycophants" who are much too prematurely trying to start up the debate on the president's reelection, and who use "faulty arguments" to justify the privatization of Petroperu.

Peru: Minister Satisfied With Negotiations With Ecuador

PY0903233396 Lima EL COMERCIO in Spanish 25 Feb 96 p A4

[Interview with Foreign Minister Francisco Tudela by Gladys Bernal Barzola; place and date not given]

[FBIS Translated Excerpt] [Bernal] The second round of diplomatic negotiations between Peru and Ecuador have concluded to the great satisfaction of both parties. Nevertheless, no progress has been made concerning the subject of procedures and mechanisms.

[Tudela] It was impossible to discuss procedures without having the list of subsistent impasses at our disposal. We could not adopt a procedure without knowing the nature of the other party's claims first. This has been the Peruvian position from the start. Once the list of impasses is drawn up pursuant to the agreement signed, we will start discussing the impasses. This will open the door to negotiations of substantive matters.

[Bernal] Your self-assurance seems to indicate that we have a strategy to expedite the submission of the list of impasses. Am I correct?

[Tudela] We have devised a strategy to abide by those agreements. We deem that the withdrawal of troops provided for in the bilateral agreement will be completed in a matter of days so that we will be able to acquaint ourselves with Ecuador's list of subsistent impasses, which the guarantor countries of the Rio de Janeiro Protocol is safeguarding. [passage omitted]

[Bernal] Minister Tudela, are you not afraid of criticism?

[Tudela] No, for the very substantive reason that Watch Post 2 [PV2] is garrisoned with enough soldiers to defend it according to our military strategy. This was discussed with high-ranking Army authorities, who were of the opinion that the number of personnel garrisoned in PV2 was sufficient for its defense.

Had we withdrawn from PV2 our detractors would have been right in their criticism because it would have been tantamount to bowing to Ecuador's wishes. We maintain the necessary number of soldiers at PV2. It is on the

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basis of this idea that we made a proposal to Ecuador, which was accepted because it was deemed reasonable.

We consider that we have asserted our rights and guaranteed the defense of PV2. Moreover, we have achieved our goal, namely to reach agreement on our disagreements, i.e. to become formally and officially acquainted with the list of impasses, which is to be submitted in writing bearing the Ecuadoran foreign minister's signature. We have been quite straightforward, and Peruvians may rest assured that we performed well in our negotiations with Ecuador.

[Bernal] You have mentioned the role played by the representatives of guarantor countries. Have their participation and assistance greatly contributed to striking a balance between each party's proposal?

[Tudela] That is right. Peru has encouraged the role played by guarantor countries since the Lima meeting, which resulted in the identification of some points — which the guarantor countries consider acceptable — that had to do with the procedures. Still, I am not going to discuss this now because we have not yet reached that stage.

In Quito, the action of guarantor countries was pivotal in our agreement on the immediate submission of the list of subsistent impasses following the withdrawal of surplus troops, as established in the agreement. [passage omitted]

[Bernal] The agreement signed by both parties advises about the finality of proposals, does it not?

[Tudela] That is a fundamental word because one of the problems that we faced in the past was that while Peru was unswerving in its position, a position which was known to all from the start, Ecuador changed its stance several times. In 1952, Ecuadoran President Galo Plaza claimed that the Rio de Janeiro Protocol was inexecutable. In 1960, Ecuadoran President Jose Maria] Velasco Ibarra argued that the Rio de Janeiro Protocol was still effective, but that it was not valid. Ecuador's position has, therefore, changed in the course of time.

Now we are positive that the list of impasses will stand. There can be no modifications as time goes by because the list has already been officially submitted and it is on the basis of this list that we are going to continue negotiating.

[Bernal] Won't talks on the lists of impasses prolong, rather than shorten, negotiations even if these lists are not legally binding?

[Tudela] No, because the parties have not yet recognized the points on the lists of impasses as valid. They have only agreed to hold negotiations to discuss them.

[Bernal] So are the lists of impasses negotiable?

[Tudela] Not everything on the list will be negotiable. Some points may be legitimate, but those which lack substantiation will have to be crossed off the list. We will discuss all points, but that does not mean that all the points on the lists will remain valid once negotiations are over.

Peru: Ecuadoran Army Commander on Peace Talks

PY1003023096 Lima EL COMERCIO in Spanish 25 Mar 96 p A5

[Interview with Ecuadoran Army Commander General Paco Moncayo by Gladys Bernal Barzola in Quito after second round of negotiations by Ecuadoran and Peruvian foreign ministers; date not given]

[FBIS Translated Text] [Bernal] Are you satisfied that Peru has agreed to reduce the size of its troops at PV2 [Watch Post No. 2]?

[Moncayo] The Peruvian attitude falls within the framework of the commitment undertaken under Itamaraty (Brazilian Foreign Ministry headquarters) Peace Declaration. Within the spirit of peace the two countries share there is no reason to accumulate forces on one side or the other. We have taken the main steps and hope this year the negotiations will not cease until we sign a definitive agreement for a lasting peace.

[Bernal] Why is Ecuador delaying the delivery of its list of subsistent impasses?

[Moncayo] Under the current circumstances the country is experiencing it is hard to define a position that will not only compromise this but also the next administration (in August). For Peru, which has a stable political leadership, it is much easier to do this.

[Bernal] Isn't there any other factor affecting the Peruvian-Ecuadoran bilateral relationship?

[Moncayo] I don't know if I do well in making this comparison but, for us, our relationship with Peru is a bit like Peru's relationship with Chile: They feel cheated. The same goes for Ecuador regarding Peru. Therefore, it is much more difficult for us than it is for them to reach a consensus to sit down (at the negotiating table) with enough support for such complex negotiations.

[Bernal] Meetings at a military level are constantly being held with Chile. Wouldn't this sort of meeting help reach a bilateral agreement with Ecuador?

[Moncayo] The Ecuadoran and Peruvian Armed Forces have been holding this type of meeting since 1981. The meetings held by Generals Jorge Ortega and Nicolas de Bari Hermozas resume these type of meetings, which

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are nothing new. I hope it will all be part of a dynamic, agile process and that, step by step, we will attain the objective of lasting peace, friendship, and cooperation.

[Bernal] The idea of renouncing a military solution so that bilateral talks may continue has been proposed. What do you have to say about this?

[Moncayo] I fully endorse this idea. A military confrontation is no way to solve anything. That is why Ecuador and Peru must give up the idea of a military solution to the border conflict because, in my opinion, only a negotiated peace solution is appropriate for an agreement.

[Bernal] What are your expectations regarding the withdrawal of Peruvian troops from PV2?

[Moncayo] This is a responsible commitment undertaken by Peru. The schedule (for the withdrawal) will be established by the MOMEP [Ecuador-Peru Mission of Military Observers]. I am certain it (the withdrawal) will take place. I urge the Peruvian commanders to understand that Ecuador does not represent a threat nor is preparing for war. The Peruvian people must realize that the Ecuadoran people want domestic and external peace that will not be temporary but lasting. If there is no threat there is no need for special security agreements.

[Bernal] In this sense, what do you expect from the meetings General Ortega and Hemoza will hold, first in Quito and then in Lima, in early March?

[Moncayo] We hope that all these aspects of the military relationship between our two countries will be attuned. If necessary we have to perfect the air security manual to avoid incidents and in view of the fact that we are going to continue negotiations at all levels in the future, so that the armed forces may provide the adequate atmosphere to contribute to the talks at a diplomatic level.

[Bernal] Don't you feel some people in Quito are against Gen. Jorge Ortega's upcoming — on 4 March — visit to Lima?

[Moncayo] The unanimous desire in Ecuador is to support the peace process. I have not heard anybody say the opposite. I have not heard anyone object to President Sixto Duran-Ballen's trip to Peru. Everybody has voiced support for Gen. Ortega's trip to Lima.

[Bernal] How can one safeguard a peace process if in Ecuador the people, even in school, are taught about the historical rivalry with Peru?

[Moncayo] There are two stories: The Peruvian story and the Ecuadoran story. I have read and have Peruvian books that tell one story, then I read our history and think there must be a mistake, there must be a wrong concept in one or the other party. There can't be two completely different stories. Each development is interpreted differently.

[Bernal] Even about the discovery of the Amazonas River.

[Moncayo] Ecuador says that the expedition left from Guayaquil and Quito, while Peru says it left from Cusco. It is said that the Incas brought civilization to these cannibal communities. There are two histories. Therefore, we should rewrite the history we have in common. By acknowledging the historical events, we must learn lessons from this conflictive history to change the attitude and not repeat mistakes of the past.

[Bernal] Future negotiations will be difficult. Ecuador has acknowledged the 1942 protocol. Will one and the other country make concessions?

[Moncayo] Since 1945 Ecuador has proposed to review the Protocol because it consider it harmful to its interests. It has been stated that Ecuador has changed its stance frequently. I say it hasn't: I haven't seen a single theory repudiating the protocol with a different argument. On this occasion President Duran-Ballen has taken an enormous step by admitting the enforcement of the protocol.

[Bernal] But from 1945 to 1948, when the demarcation process was stopped, Ecuador allowed the planting of border markers despite the fact that it repudiated the protocol.

[Moncayo] Then I would say that our country has taken a brave step towards peace. Regarding the subject of the documents compiled by the Peruvian foreign minister, in this historic stance Ecuador could come up with a book as thick as that one, with all the documents that endorse its theory. These issues should be submitted for the consideration of a third party, a third state.

[Bernal] Could the guarantor countries intervene in this regard?

[Moncayo] It could be the guarantor countries. An impartial position regarding the problem is necessary, even for the countries (Peru and Ecuador) to accept it, because it must entail an authority that inspires enough respect and confidence to be accepted as valid.

[Bernal] In your capacity as Ecuadoran Army commander, what do you think about the Ecuadoran and Peruvian foreign ministers' participation in the negotiations to solve the border problem?

[Moncayo] I see the Ecuadoran foreign minister as an experienced, prudent man who is well acquainted with the problem, who has dedicated his whole life to this

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subject. He enjoys the Ecuadoran peoples' support. I see Tudela as a very agile, dynamic, intelligent person who seems to have every quality of a good negotiator. He moves adequately in this complex field of international relations. Let us hope they will both gradually lead their people towards peace.

Peru: Joint Command Chairman on Border, Subversive Groups

PY0803211296 Lima LA REPUBLICA in Spanish 17 Feb 96 pp 16, 17

[Interview with General Nicolas de Bari Hermoza Rios, chairman of the Peruvian Armed Forces Joint Command, by Raul Sanchez Villacorta; place and date not given]

[FBIS Translated Text] [Sanchez] Gen. Hermoza, have the Armed Forces brought subversion under control in Peru?

[Hermoza] We are frontally addressing the problem. We have a new strategy to eradicate the last remnants of subversion. We intend to defeat the subversive forces still remaining in the country. It is a national goal for the Armed Forces to accomplish this mission. Let us remember that in less than three years we have turned around the atmosphere of insecurity and uncertainty, and of economic chaos and terror syndrome that prevailed in Peru. We are now living in an atmosphere of peace and security.

[Sanchez] Yet, subversive groups are still present in the interior of the country.

[Hermoza] Neither the Shining Path nor the MRTA [Tupac Amaru Revolutionary Movement] pose a threat now to our country, let alone to our political stability. In 1992, experts said the two groups had a great deal of power because they had achieved a strategic balance, but this is no longer true because that balance has now been completely reversed, and has disappeared. Our country now enjoys political stability, and we have earned the confidence of the international financial community. The leader of this struggle is naturally the president of the Republic. We in the military follow his command.

[Sanchez] Do you regard the antisubversive war as a political war rather than as a military war?

[Hermoza] The antisubversive war has been a political war in which a politician assumed his responsibility and led the actions not only on the military front — through the National Defense Council — but also by supplying the required economic, logistic, and legal framework.

[Sanchez] What role did you play in the antisubversive struggle?

[Hermoza] Good fortune and history have made it possible for me to be at the right place at a crucial moment to guarantee Peru's national defense and security. Yet, my presence has not been decisive in defeating the MRTA and the Shining Path. The Armed Forces success in the antisubversive struggle stemmed from good organization and administration of the military operations in which our soldiers engaged in battle. As chairman of the Joint Command, in accordance with the law, I assumed the command of the internal front of the battle. I feel both proud and honored over this.

[Sanchez] In a speech you delivered during a ceremony — which has been described as historic — at the Yapi Santiago border mark, you stated that the Armed Forces would always be subordinated to the chief executive. Why did you make that statement at that time?

[Hermoza] I made that statement because I am convinced that, whenever border conflicts occur and whenever national security comes into focus, it is paramount that there be no doubt about the chain of command. Constitutionally, the Armed Forces are subordinated to the executive branch, which is represented by the president of the Republic. Thus, military personnel must follow the provisions of the National Defense Council. We seek to avoid any conflict of power because this would disrupt the decisionmaking process.

[Sanchez] Why do you think it has been claimed that the Armed Forces are governing, or co-governing, Peru?

[Hermoza] I am not the one to answer that question. I may say, however, that the Armed Forces have not been politicized; rather, they are contributing to promote the democratic process, to increasingly strengthen our country, and to consolidate our development. We, the military, abide by the Peruvian Constitution and law. We are devoted to meet the challenges ahead in the 21st century, namely poverty, terrorism, and any other problem within the jurisdiction of the Armed Forces. We have held talks with senior officers of neighboring countries such as Chile, Bolivia, Brazil, and Colombia. Unfortunately, we have not yet started these talks with Ecuador, but we hope to be able to do so.

[Sanchez] Incidentally, would you be willing to meet again with General Jorge Ortega [chairman of the Ecuadoran Armed Forces Joint Command]?

[Hermoza] Personally, I am willing to meet with Gen. Ortega whenever the MOMEP [Ecuador-Peru Multinational Observation Mission] chooses so that we may discuss at length the issues pertaining to our area and to adopt measures designed to promote mutual confidence.

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[Sanchez] Regarding the peace process with Ecuador, what significance do you attach to the recent meeting held at the border?

[Hermoza] It was a landmark event because it was the first meeting between senior officers of Ecuador and Peru in a very long time. It was instrumental in evaluating the peace process from the military standpoint and in determining other measures that could help consolidate the process to pave the way for addressing the substantive issues — the remaining impasses, which will be specifically discussed by the foreign ministries — with greater confidence.

[Sanchez] You have expressed your desire that those issues be resolved before the new century. Do you believe it can happen?

[Hermoza] As human beings we cannot guarantee that our desires will materialize. We are optimistic and will persevere in seeking to consolidate peace. In addition to death and horror, war means neglecting a number of basic needs for our peoples. Hence, we should encourage a culture of peace.

[Sanchez] In the face of the recent purchase of Kfir planes and war weapons by Ecuador, will Peru also purchase similar military materiel?

[Hermoza] The Peruvian administration is not planning to purchase any materiel for its armed forces to compete with other countries, let alone with neighboring countries. National defense is regarded as part of a comprehensive whole, as part of our development. For this simple political reason, we only modernize our military institutions whenever we deem it necessary and not with a view to unleashing an arms race.

Uruguay

Uruguay: President Satisfied With Coalition

PY0903185796 Buenos Aires TELAM in Spanish 2132 GMT 1 Mar 96

[Report by unidentified correspondent]

[FBIS Translated Text] Montevideo, 1 Mar (TELAM-SNI — Upon celebrating the first year of his second term of office, Uruguayan President Julio Maria Sanguinetti today indicated that he promoted structural changes in his country, changes that have still not been valued properly, and that the established targets have been notably met during the past 12 months.

The Uruguayan president, who had to enter a coalition with the National Party, his longstanding political contender, to form his administration, said the coalition has, thus far, functioned well.

Sanguinetti added: "Time will tell if this type of coalition government becomes a standard. It will basically depend on the way in which political forces evolve and the possibility of achieving a majority."

With regard to the leftist coalition Broad Front, made up of communists, socialists, and Tupamaros [National Liberation Movement], which represents one-third of Uruguayan voters, Sanguinetti noted that he hopes to achieve a better understanding with it.

The Uruguayan president emphasized: "Any objective observer would notice that there are two stances coexisting within the Broad Front: Some people accept the indisputable reality of the fall of Marxism and the new post—communist world, while other people are still interpreting the world from the perspective of outmoded Marxism."

Nevertheless, the Uruguayan president recognized General Liber Seregni, who spent nine years in jail during the military regime and who resigned his post as Broad Front president on 5 February, after occupying it for 25 years.

Sanguinetti emphasized that General Seregni "has been acting as a peacemaker since he was released from jail." The Uruguayan president added: "Personally, and despite unending disagreements, he has always been a gentleman."

The Uruguayan president emphasized that his first term of office (1985-90) involved a transition, "as we passed from a de facto government to full democracy." He noted that "the problems" of the current term of office "are not institutional, but socioeconomic." "Therefore, we have to adjust our country to these new times," he said.

The Uruguayan president also ruled out the possibility of reviewing the actions carried out by the Armed Forces during the military dictatorship that ruled the country between 1973 and 1985.

Sanguinetti emphasized: "Reconciliation in our country will not be achieved by discussing the past." He added that such discussions would only attach us to a period that we do not want to reoccur." [no opening quotations marks as received]

With regard to corruption in Uruguay, Sanguinetti noted that the country has had "a high level of public morality and will not lose it over the surfacing of some cases of corruption."

The Uruguayan president emphasized: "It would actually be serious if we do not react properly vis-a-vis the cases of corruption." He noted: "We can look to our

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future with tranquillity if we continue to act as we do now, with strict enforcement of the law and proper court actions."

Sanguinetti disagreed with his re-election, an enterprise pursued by a group of fellow party members.

In this regard, the Uruguayan president said he has always disagreed with the direct re-election of presidents. He added: "Far from finding reasons for a change of mind, I am finding reasons in today's world that confirm my idea."

Uruguay: President Addresses Nation on Anniversary

PY1203123396 Montevideo LA MANANA in Spanish 2 Mar 96 p 2

["Speech to the nation" by Uruguayan President Julio Maria Sanguinetti marking the first anniversary of his administration, made from Government House in Montevideo on 1 March]

[FBIS Translated Text] Exactly one year ago, in this very same Government House, I had the honor of receiving the presidential sash and the task of reforming Uruguay in keeping with the requirements of the end of this century.

This has been a hard but wonderful task which we have accomplished thanks to the invaluable help of all the parties of the ruling coalition. They deserve the most heartfelt recognition from myself, but particularly from the country as a whole. This coalition has duly proven that things can be accomplished in this country through joint efforts, and that truly important issues, both present and future, can be tackled.

We humans have a tendency to mull over the past when the future is what really matters, as does joining efforts to build whatever can be built.

This year will be decisive for this administration. The question is not what the administration or the opposition should do, but what the country as a whole can do to rise to the challenge of these times.

An educational reform has been approved and it is being implemented. Together with German Rama [chairman of the National Public Administration Education] and other educational officials, we announced that education for children aged four and five years should be compulsory in Uruguay, and we proposed this to the citizenry. In a few days Accountant Iglesias [Julio Iglesias, vice president of the Banco de la Republica] and I will announce the signing of the loans that will finance the construction of facilities, and the equipment we need for this stage, and for the full-time elementary schools which will fight the very roots of poverty by increasing the number of hours of schooling for those who need education most.

We must bring our education up to date with the rest of the world in order to modernize Uruguay.

The world, as it is today, will not stand still to allow us, or anyone else, to catch up with it. We must set our own pace and meet the changes, as other progressive peoples have done.

The reform of the retirement system approved in 1995 will also be implemented this year. I will never get tired of reiterating time and again what this means. The BPS [Social Security Bank] has spent $2.8 billion in just one year, while the state's overall budget, including salaries of teachers, policemen, foreign debt interest, public works, and the cost of courts and the Armed Forces, barely amounts to $2.4 billion. The worst part is that this enormous amount of money is not being spent on a fair system but on one that pleases no one. All this is changing. Nowadays one can start receiving one's pension within 30 days; retirement procedures have been shortened to just three months as opposed to the 18 months of standing in line and frustration, as was the case in the very recent past. A labor record has been implemented that will register every labor day and every contribution, thus putting an end once and for all to long-standing fraudulent practices.

Dear friends, all these reforms are being implemented. This year we will have to shore up the markedly downward trend of inflation because that is the only way of giving the poorest people some peace of mind. We all know that only speculators profit from inflation. The effort to curb inflation must be shored up this year. We must also shore up something else that is equally essential: Inflation and the rate of exchange must remain in step. The rate of exchange has not fallen behind inflation since September. One year ago this issue weighed heavily on our minds. Many expert economists kept telling us that it was an insurmountable problem, and many farmers and industrialists kept saying that a severe devaluation was the only solution, despite its consequences. We have managed to avoid this situation but now the mechanism must be shored up. This means that we must reform the state, eliminate unnecessary expenditures, make it more efficient, and balance fiscal accounts.

The investments of the Housing Plan through the Mortgage Bank and the Housing Ministry will be fueling the nation's economic activities this year.

We must also change our political system this year. An idea was agreed upon on 28 December after 10

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months of negotiations. This idea belongs to no one in particular. We have all made concessions. We cannot keep telling the country that everyone must change: The businessmen, the workers, the teachers; all but us politicians who are not prepared to change our political system at all. That is not possible. We must begin to change. Our ideas are simple and straightforward: Single party candidates so that one has a clear idea whom to vote for; the possibility of reshuffling both the cabinet and the autonomous corporations, because the country is no longer prepared to tolerate people who break off with the administration but keep their jobs; and a presidential runoff because there are so many political parties that at least the president should be elected by fifty percent of the population plus one.

We have all agreed on these ideas. Therefore, I believe that this year the country will be hearing the good news that the reform of the political system has begun.

As you can see, there is a lot to be done. I will not go through the list of projects to be carried out, because our attitude, our state of mind, is as important as the projects themselves, maybe even more so. We must all accept our responsibility. My responsibility is to carry out these structural reforms without which Uruguay will be left aside. The responsibility of the businessmen is to retool to face competition. The workers' responsibility is to produce more. The teachers must train the youth for these new times using different approaches, and a different language. There are bound to be some people who will want to shirk their responsibility. I believe that they will be a minority. To oppose for the sake of opposing, or to keep harping on utopian ideas or approaches that have failed elsewhere in the face of reality, implies shirking responsibility. It amounts to leaving the people to their own devices. Today we must join our efforts as much as possible to help those who need help most. That is what this is all about: Striving for greater efficiency to be capable of true solidarity.

Uruguay: Finance Minister Views Inflation, Budget

PY0903200096 Montevideo BUSQUEDA in Spanish 15 Feb 96 pp 64, 22

[Interview with Finance Minister Luis Mosca by unidentified BUSQUEDA reporter; place and date not given]

[FBIS Translated Excerpt] [BUSQUEDA] The curbing of inflation has been a top priority for years, and yet we still have a double-digit inflation rate. When you took office as finance minister you said you were not going to idle your hours away "sitting back and doing nothing." How do you see things now that you are part of the Sanguinetti administration?

[Mosca] We have made some strides. Still, it is obvious that in some areas we made some blunders. We said all the time that the only way to undertake a successful stabilization program involved having a lower equilibrium exchange rate. To that effect, the effective way to ensure that the adjustment process could proceed without giving an unpleasant jolt to the real sector of the economy was to implement structural reforms, several of which were enacted in 1995.

All the legal powers the budget has conferred upon us must be given more teeth. This is something we must do as soon as possible.

Basing ourselves on how events are unfolding on the international and regional scene, we believe that there are enormous possibilities that we will be able to go through with the stabilization process currently under way without any further mishap.

If we managed to roll inflation back to 20 percent and pare down and streamline government spending this year we would be in a position to make headway and conclude the president's term of office with acceptable or reasonable inflation levels.

[BUSQUEDA] Does that mean that Uruguay will only be able to have single-digit inflation in 1999 rather than in 1997?

[Mosca] To tell you the truth, we have not set ourselves that goal for either 1997 or 1999. We believe that if things do not come out as we intended to and if progress in all the programs that are geared to curbing inflation is lopsided or erratic we run the risk of stoking the furnace of inflation again.

[BUSQUEDA] Why did the budget not contemplate further cutbacks in spending?

[Mosca] The important thing with this year's budget was to put an end to the traditional inertial increase in expenditures without financialization.

The core of this year's budget is made of three reforms, namely the reform of the central government, which will enable to adopt mechanisms to undertake a major state reform; the tax reform; and the education reform.

Budgeted expenditures may have been a little higher than appropriate, but that can and will be corrected without any problem if the aforementioned reforms are carried out.

The powers we asked Congress involved another major discussion. Perhaps we had to sacrifice a smaller budget deficit to securing those powers, but we did it because it is our conviction that under a coalition government it is necessary to reconcile all positions. If we had been

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confronted with a situation that could impair or cripple our plan of action matters would have probably taken a different turn.

We are in a position to have a budget outturn that will reestablish spending levels without causing any trouble. [passage omitted]

[BUSQUEDA] Uruguay is about to sign a standby arrangement with the IMF for $150 million. This will entail a stricter control of financial and fiscal target than the agreement that is currently in force. Why was this option chosen?

[Mosca] Uruguay has historically been highly vulnerable in its foreign sector. In light of the fact that the lingering crisis hitting the region has not yet been fully overcome, we want to support our 1996 program and reduce our vulnerability in the face of possible adverse external shocks [preceding word in English].

This standby arrangement will strengthen us on the domestic and foreign fronts. One has to bear in mind that even at this difficult juncture, our country was able to maintain the house in order, fulfill all its obligations, refrain from resorting to foreign financing to excess, and maintain its reputation as a country that always repays its obligations. [passage omitted]

In sum, we believe that the standby arrangement is essentially an act of responsibility. This support will considerably simplify matters on the foreign front. [passage omitted]

[BUSQUEDA] Projections do not indicate that 1996 will be a boom year for exports. The shortfall in the balance on current account will be maintained, especially on account of the trade deficit. Is this not more worrisome that the fiscal deficit?

[Mosca] The current account deficit has been evolving as estimated. At the end of 1994, the current account deficit was slightly over 2.5 percent of Uruguay's GDP while the global fiscal deficit represented approximately 3.3. percent of GDP.

While the private sector was already undergoing adjustment in 1994, the public sector was not. On the contrary, government spending expanded with the resultant deficit in the balance of payment. Given the special situation prevalent in 1995 characterized by an economic downswing, the balance of payment position has evolved as expected and even better than estimated at first.

I do not think that the fact that the Uruguayan economy may close the year with a unbalance of 1.5 or 1.6 percent in its foreign accounts will cause any problems. Furthermore, I believe that as the operational basis is restored to health thanks to the reforms we have effected — which will in turn be instrumental in promoting economic growth — Uruguay will continue to have an imbalance in its foreign accounts for a long time. [passage omitted]

The Future According to Mosca

The finance minister expects that the reforms undertaken in 1996 will start yielding fruit in 1996. Mosca said: "Only a few laws are needed to continue moving ahead steadily."

The finance minister assured: "Investments are picking up and as the situation in the region improves in 1996 and the economy behaves in an orderly manner, prospects will become increasingly rosier."

Mosca was of the opinion that as of the third quarter, there will be "an upturn in economic activity" and "exports of goods will be more buoyant; GDP will grow by 1 percent; domestic consumption will rise by approximately 0.7 percent; government spending will be reduced; and government investments will increase slightly."

The finance minister does not envisage a decline in the purchasing power of wages and forecasts that real wages in the public sector will increase this year. With regard to employment, Mosca contends that what really matters is macroeconomic stability linked to the possibility of higher levels of investment."

Mosca summed up the factors that will constitute the driving force behind change:

— The social security reform "will boost domestic saving and concurrently with this, the capital market will also become more buoyant. It is also necessary that Congress "enacts some laws without delay such as the Stock Exchange Act and the act providing for the elimination of the Mortgage Bank (BHU)'s mortgages monopoly, which "will boost construction."

— The tax and state reforms "will have a positive effect on the enhancement of productive sectors' competitiveness. In addition, this year's budget will be instrumental in "improving the current levels of public investment."

— The housing programs to be undertaken by the Ministry of Housing, Land Improvement, and Environment, and the BHU, as well as the public works to be undertaken by the Ministry of Transportation and Public Works, and other investments provided for in this year's budget "will create additional 20,000 jobs."

— Several factors will contribute to the development of agriculture and the creation of new jobs in this sector, namely the overhaul of the sugar industry; forestry development; modifications to be introduced to the

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Irrigation Act in order to enhance yields; the access to beef markets free from hoof-and-mouth disease.

— Investment projects "to respond to Uruguay's new positioning in the region and to certain stimuli furnished to Uruguayan industry, like the hotel industry."

— Imports of capital goods, which from January to September 1995, "grew by nearly 19 percent compared with the corresponding period in 1994."

Uruguay: Broad Front Creates Executive Secretariat

PY1103164696 Montevideo EL PAIS in Spanish 3 Mar 96 p 18

[FBIS Translated Excerpt] A national convention of the Broad Front on 2 March created a 12-member executive secretariat which will have decision-making powers.

The convention debated the proposal all afternoon and evening and ratified it by 107 votes of the 142 delegates present. The proposal had been supported by the majority of the members of the Political Board of the Broad Front, and had the backing of the Uruguayan Assembly, the Space 90, the Artigas Sector, and the Advanced Democracy parties.

The executive secretariat will be made up of Broad Front candidates Tabare Vazquez, Mariano Arana, and Juan Jose Crottogini, one representative of each party that has nationwide constituency — Uruguay Assembly, Space 90, Artigas Sector, Advanced Democracy — and four representative of grass roots committees, two for Montevideo, one for Canelones, and one representing all the other departments of the country.

The secretariat will organize and enact the guidelines approved by the Political Board, and under special circumstances it will make contingency decisions that will be submitted for the board's approval later on.

The new executive secretariat will approve resolutions by consensus, or — if consensus proves to be impossible — by the special majority of two thirds of the members present. Each member of the secretariat will have one vote. [passage omitted]

Uruguay: Phone Fiber Optics Network To Use Railroad Lines

PY1103173296 Montevideo EL PAIS in Spanish 8 Feb 96 p 1

[FBIS Translated Text] The National Telecommunications Administration, Antel, will shortly implement a broad program to improve telephone communications throughout Uruguay, and lower costs, through the installation of a fiber optics network using State Railways Administration, AFE, railroad lines.

Antel President Ricardo Lombardo confirmed this information to EL PAIS and explained that the installation of the new network will put an end to communications overloads that plague several areas of the country whenever people want to get in touch with other parts of the country, or with Montevideo.

Lombardo reported that negotiations to use AFE railroad lines to lay the fiber optics network began in 1995.

The project underwent an evaluation and the experts found that it was extremely advantageous because it would significantly lower the costs of laying the cables and the final investment would be only 25 percent of what it would be if the traditional infrastructure was used.

Technical studies also indicated that Antel would be able to quickly improve the quality of communications.

Thus, Antel and AFE have stepped up their negotiations and are expected to shortly sign an agreement that will allow the laying of the new fiber optics network using railroad lines to begin in February. The first stage of the project will link Montevideo and Paso de los Toros as well as all the cities in southern and central Uruguay.

Venezuela

Venezuela: Official Rejects U.S. Report on Human Rights

PA1103033496 Caracas EL UNIVERSAL in Spanish 8 Mar 96 p 1-10

[Report by Clodovaldo Hernandez]

[FBIS Translated Text] Acting Foreign Minister Milos Alcalay has rejected assertions that Venezuela is a country lagging behind in the protection and safeguarding of human rights issues.

"On the contrary, we are at the forefront not only domestically but internationally," the official has said, commenting on the attention given to U.S. State Department reports on the situation of human rights in Latin America made public on 6 March.

Alcalay has said that upholding the rights of the individual is one of the main priorities of Venezuela's domestic as well as international policy.

"There has been no domestic provision in our country where respect for human rights has not been the rule, the guideline, the direction. Several newspaper headlines today classify the country in last place among all nations regarding the protection of an individual's rights. In

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light of this situation, I would like to categorically reaffirm not only President Caldera's commitment to promote the full validity of human dignity but also to those concrete measures that have been adopted, such as the creation of institutions at the highest levels such as the National Human Rights Commission," the acting minister has said.

He added that a Human Rights Commissioner's Office, a sort of ombudsman that will be responsible for safeguarding the rights of all citizens, has just been created within the Metropolitan Police.

The acting foreign minister has made two main observations about the U.S. State Department report and the manner in which the document was interpreted.

1. The latest document includes cases which were reported back in 1989 and previous years and which had already been included in earlier State Department reports.

2. The latest report states that "Venezuela has an active multiparty, democratic system, free press, well established unions, and a long lasting commitment to democracy."

Prisons

One of the issues in the report pointed out as a blemish on the Venezuelan human rights situation is on overcrowding, violence, and the abuse of inmates at the country's prisons.

Alcalay has said "I do not seek to deny that there are problems in Venezuela's prisons, just as in the United States and Europe. The prison situation is difficult, and it has been deteriorating even more for the past several years. Prison overcrowding is a serious problem, and we are confronting severe, financial obstacles. We are looking for alternative options that will allow us to obtain resources and funds from overseas to resolve the issue of prison overcrowding."

Half-Truths

Most of the figures used by the U.S. State Department in preparing its report were provided by the Venezuelan Human Rights Education-Action Program (PROVEA) as well as other nongovernment human rights organizations.

According to Alcalay, the data gathered from these organizations fail to include the entire truth about the human rights situation in the country.

"The testimonies provided by domestic organizations on which the State Department has based its report stress several types of situations, but, as Aristides Calvani has said: There is no worse lie than a half-truth."

To explain his statements, he has said the authorities' struggle against criminal activity in many cases usually leads to complaints of alleged human rights violations.

"It is important to keep in mind that public opinion demands concrete measures against the lack of security. In many cases, those responsible for providing security tend to resort to forceful measures and cause situations that are described later as human rights violations."

The acting minister also points to unfair oversight in the manner in which the previously mentioned specialized civilian organizations tend to recount alleged violations of human rights, because they never include all the indignities military and police units undergo in carrying out their duties.

"When a police officer is killed by a felon, or when a prison guard is killed, these situations are never classified as human rights violations. The same takes place when a soldier is killed by guerrillas or drug traffickers while defending the country's borders. There is no one to report it in these cases. It is a violation of human rights when criminals murder an unfortunate police officer, but it is never recorded as such," Alcalay has protested.

Venezuela: Finance Minister on Exchange Rate, Deficit

PA1103041096 Caracas Venezolana de Television Network in Spanish 0200 GMT 9 Mar 96

[Report by Fernando Porte]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar believes the 500 bolivares dollar rate on the unofficial market is a fictitious one, and the real exchange rate is approximately 290 bolivares per dollar. Matos Azocar has told this remark to the Finance Commission, where he gave all the details regarding the budget and revenues.

[Porte] Finance Minister Matos Azocar has said that those who want to purchase dollars at a higher rate than the official one might become the victims of speculation. Matos Azocar has expressed his indignation over the various reports by the Central Bank placing the fiscal deficit at 11.5 percent. The minister believes this deficit does not amount to 11.5 percent but, rather, 1.9 percent. The members of the commission asked him to emphatically state whether the government was considering a devaluation. The minister replied he would give a frank and plain answer:

[Begin Matos Azocar recording] We are not considering a devaluation as a means of generating revenues to pay the fiscal deficit. [end recording]

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[Porte] Claus Graf, acting president of Pedevesa [Venezuelan Petroleum, Inc.], also spoke to the Finance Commission. Graf has explained the reasons why the estimated price for a barrel of petroleum for the 1996 budget was set at $13.50, saying Iraq's incorporation into the world market was the fundamental reason for this projection. Regarding gasoline, Graf was also categorical in announcing projections to cover the needs of the industry at cost price, without spectacular profits:

[Begin Graf recording] So businesses will not incur losses at the current exchange rate, the price of a liter of low grade gasoline would have to be increased by approximately 18 bolivares and high grade gasoline by approximately 28 bolivares. [end recording]

The Finance Commission next week will initiate discussions to determine why there are big differences in the estimates of the Central Bank, the executive branch, and parliament.

Venezuela: Official on Deposit Policy for Travelers

PA0803204296 Caracas Venezolana de Television Network in Spanish 0200 GMT 8 Mar 96

[FBIS Translated Text] The Exchange Administration Board's decision requiring travelers to leave a deposit in money equal to the one requested in foreign exchange has triggered several reactions. Finance Ministry adviser Tobias Nobrega said the measure will result in a devaluation.

The measure is aimed at stopping people who leave the country just to obtain dollar coupons. This practice caused the flight of huge amount of assets — $10 million a day. For this reason too, those who travel to any neighboring country for a period of up to five days, will only receive $100 a day in foreign exchange.

Nobrega believes the measure could temporarily stop overnight [previous word in English] travelers — there are countries that use this system positively — but that the system does not benefit people making long trips because money devaluates in an unstable economy.

[Begin Nobrega recording] You do not need this type of measures if you believe interest rates will go up and that you can dissuade people, that is, you can make people hold on to their bolivares. However, if you think there are problems and that the interest rates will go up to a point a bit over the expected inflation rate, then you will probably have to implement some mechanisms and other things of this nature. [end recording]

Venezuela: Gasoline Prices To Hike But Not as IMF Advised

PA0803214696 Caracas Venezolana de Television Network in Spanish 1545 GMT 6 Mar 96

[FBIS Translated Text] Cordiplan [Coordination and Planning] Minister Edgar Paredes Pizzani has asserted that government maintains its position on increasing the gasoline prices but will not do so according to IMF terms. The Cordiplan Minister anticipated that the government has prepared several technical plans to increase gasoline prices, which should stand at 50 bolivares currently. Those plans will be assessed at Venezuelan Petroleum Inc. [PDVSA] today, and according to Edgar Paredes Pizzani, none of them entail increasing the price of gasoline to the rates in the foreign market. Experts consider the announcement made by the Cordiplan minister, removes the possibility of reaching a final agreement with the multilateral organization, which has the position that gasoline should not leave losses to PDVSA and should provide resources to the treasury with a tax that leaves quick and easy revenues. Paredes Pizzani added that the government will not be excessively liberal but will make the changes that require political support.

Venezuela: No Power Shift Due to 'Triple Alliance'

PA0803135396 Caracas Venezolana de Television Network in Spanish 1545 GMT 5 Mar 96

[FBIS Translated Text] Democratic Action [AD] Deputy Secretary Aristides Hospedales has stated that the triple alliance in parliament between the Copei [Social Christian Party], the Radical Cause Party, and the MAS [Movement toward Socialism] does not shift the balance of power at the National Congress. Hospedales added that the alliance is just a maneuver in parliament so AD will continue its role of opposition at the National Congress and remain on alert for the approval of financial, fiscal, and exchange policies.

[Begin Hospedales recording] A social policy should be defined. It should consider the serious repercussions stemming from the lack of political and economic policies that address the wages of the workers and professionals comprising the Venezuelan middle class. [end recording]

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Copei Secretary General Donald Ramirez has stated that his party welcomes the president's willingness to take urgent measures. He also assured that Copei will obtain the presidency of the National Congress next year with leverage from the pact with MAS and the Radical Cause Party.

[Begin Ramirez recording] Copei reasserts the commitment and the need to take measures geared toward a global and coherent program and a complete change in the administration, especially in the economic and social areas. [end recording]

Regarding the budget bill that will be submitted today before the National Congress, Ramirez said he is not in favor of readjusting it.

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